GSTAT

Division Bench Court No. Court II

APL/108/BUR/2026

SEL JEGAT PRINTERS PRIVATE LIMITED **.....Appellant**

Versus

THE JOINT COMMISSIONER OF COMMERCIAL TAXES (APPEALS-1), THE JOINT COMMISSIONER OF COMMERCIAL TAXES (APPEALS-1), TTMC BMTC BUILDING2ND FLOORSHANTHINAGARBENGALURU-560027 & ORS. **.....Respondent**

Counsel for Appellant
AKSHATHAA KODALI

Counsel for Respondent
PRIYA BASAPPA , STATE AC AR

Hon'ble Sudha Koka, Member (Technical)
Hon'ble Srikanth Venkatraman, Member(Judicial)

Form GST APL-04A

[See rules 113(1) & 115]

Summary of the order and demand after issue of order by the GST Appellate Tribunal

whether remand order : No

Order reference no. : ZN330170926000217H **Date of order :** 29/09/2026

1.	GSTIN/Temporary ID/UIN - 33AAICS9669L1ZJ	
2.	Appeal Case Reference no. - APL/108/BUR/2026	Date - 07/05/2026
3.	Name of the appellant - SEL JEGAT PRINTERS PRIVATE LIMITED , jegatheesan@seljegat.com , 9750920363	
4.	Name of the respondant - 1. Sandeep Banga , p.sandeep88@gov.in , 9667595988 2. THE JOINT COMMISSIONER OF COMMERCIAL TAXES (APPEALS-1) , jcct-appeals.1@ctd.ka.gov.in 3. THE JOINT COMMISSIONER OF COMMERCIAL TAXES (APPEALS-1) 4. THE JOINT COMMISSIONER OF COMMERCIAL TAXES (APPEALS-1) , jcct-appeals.1@ctd.ka.gov.in	
5.	Order appealed against -	

	(5.1) Order Type - Other order	
	(5.2) Ref Number - GST.AP.01/2019-20	Date - 07/03/2020
6.	Personal Hearing - 29/09/2026 15/09/2026 02/09/2026 14/07/2026	
7.	Status of Order under Appeal - Reject - Order under Appeal is annulled	
8.	Order in brief - Summary of Order Core Legal Principle: Section 129 penalties cannot be imposed as an absolute liability trap for technical or clerical slips (such as an unpopulated Part-B of an e-way bill) without independent, recorded proof of an actual intent to evade tax (mens rea). Distinction of Legacy Precedents: Older Supreme Court rulings on physical check-posts and entry tax regimes (Bajaj Electricals and Guljag Industries) do not apply to the digital, destination-based architecture of the GST system. Judicial Precedents Relied Upon: Supreme Court: Assistant Commissioner (ST) v. Satyam Shivam Papers (P.) Ltd. Karnataka High Court: M/s. Bvm Trans Solutions Pvt. Ltd. v. Commercial Tax Officer Allahabad High Court: Sangeeta Jain v. Union of India and Hindustan Herbal Cosmetics Procedural Infirmities: The adjudicatory process also suffered from a failure to establish intentional evasion, rendering a heavy penalty arbitrary and unsustainable. Final Order: The appeal is allowed with consequential relief. The Order-in-Appeal dated March 7, 2020, passed by the Joint Commissioner of Commercial Taxes (Appeals)-1, Bengaluru, is set aside. The Respondent authorities are directed to refund the penalty amount of Rs. 2,04,372/- (deposited under protest on September 20, 2018) within four weeks.	

Summary of Order

9.	If demand order then whether demand quantified: Yes

Section-I

Particulars	Central tax		State/UT tax		Integrated tax		Cess		Total	
	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount
1	2	3	4	5	6	7	8	9	10	11
(a) Tax	0		0		0		0		0	0
(b) Interest	0		0		0		0		0	0
(c) Penalty	0		0		0		0		0	0
(d) Fees	0		0		0		0		0	0
(e) Others										0
(f) Refund										0

10.	For Other orders and Demand orders which are not quantified:	
Issues as raised by proper officer	Issues as determined by Appellate/Revisional authority	Order by GST Appellate Tribunal

Any other	The Appellate Authority upheld the penalty order issued by the CTO Enforcement/Authority declaring that there are no cogent grounds to interfere with the impugned order passed by the CTO and dismissed the appeal.	

Place :BENGALURU

Date : 29.09.2026

Signature

BENGALURU Sudha Koka

Designation : Member

Jurisdiction :Bengaluru

ORDER

PER: Sudha Koka, Member Technical (Centre)

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1. **INTRODUCTION**
2. Tax administrations should balance the objective of collecting revenue while protecting the freedom of business. GST was built as a modern, digital system to remove check-posts and make shipping goods smooth. But sometimes, enforcement officers focus more on minor procedural infractions instead of looking for actual tax fraud. The present appeal is in this contested terrain.
3. M/s. Sel Jagat Printers Pvt. Ltd. ("Appellant"), a bonafide manufacturing enterprise incorporated on April 11, 2005, has invoked the appellate jurisdiction of this Tribunal under Section 112 of the Central Goods and Services Tax Act, 2017 (CGST Act) read with the Karnataka Goods and Services Tax Act, 2017 (KGST Act). The challenge is directed against the Order-in-Appeal No. JCCT, GST.AP.No.-1/2019-20 dated March 7, 2020, passed by the Joint Commissioner of Commercial Taxes (Appeals)-1, Bengaluru, whereby an absolute penalty of Rs. 2,04,372/- levied under Section 129(1)(a) of the Act was confirmed.

1. **FACTUAL MATRIX AND CHRONOLOGY OF LITIGATION**
2. **3.** A perusal of the record reveals the following uncontroverted factual matrix:

- **Manufacturing and Invoicing:** On September 17 and 18, 2018, the Appellant manufactured and raised two commercial invoices (Invoice Nos. 18-19/3950 and 18-19/3978) covering a consignment of customized self-adhesive labels destined for a single corporate entity, M/s. The Himalaya Drug Company, located in Bengaluru. Concurrently, Part-A of the e-way bills was duly generated.

- **Interception and Detention:** On September 19, 2018, at approximately 11:20 AM, conveyance vehicle bearing registration number KA-02-AC-8487 carrying the said consignment was intercepted by the Commercial Tax Officer (Enforcement)-24 at Milk Colony, Malleshwaram, Bengaluru, acting under Section 68(3) of the Act.

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The Technical Lapses Noted: The proper officer detained the goods and conveyance under Section 129(1) via Forms GST MOV-02, MOV-06, and MOV-07. The solitary ground for detention was that while Part-A of the e-way bill was intact and genuine tax invoices accompanied the goods, Part-B (containing vehicle and transit particulars) had remained unpopulated due to an inadvertent technical omission.

- **Deposit under Protest:** To prevent catastrophic commercial paralysis and protect transit commitments, the Appellant deposited the total demanded sum of Rs. 4,08,744/- Comprising Rs. 2,04,372/- in integrated tax and an equivalent penalty of Rs. 2,04,372/-) under protest on September 20, 2018. The goods were released that evening via Form GST MOV-05.

- **Appellate Proceedings:** The Appellant challenged the penalty before the First Appellate Authority. Vide Order dated March 7, 2020, the Joint Commissioner (Appeals) dismissed the appeal under Section 107(11). Following the formal operationalization of the GSTAT framework, the present appeal is instituted before this Tribunal.

4. To maintain structural clarity, the chronology of proceedings is cataloged below:

Sl. No.	Date	Authority / Court	Order / Notice Reference	Description / Nature of Proceeding
1	19/09/2018	Commercial Tax Officer (Enforcement)-24, Bengaluru	Form GST MOV-02, MOV-06, MOV-07	Interception, inspection, and detention of goods and conveyance under Section 129(1).

2	20/09/2018	Commercial Tax Officer (Enforcement)-24, Bengaluru	Form GST MOV-05	Release of goods and conveyance following payment under protest.
3	07/03/2020	Joint Commissioner of Commercial Taxes (Appeals)-1, Bengaluru	Order-in-Appeal No. JCCT, GST.AP.No.-1/2019-20	Appeal dismissed under Section 107(11), confirming 100% penalty.
4	07/05/2026	GSTAT, Bengaluru Bench	Form GST APL-05	Filing of appeal challenging the Appellate Authority's order.

1. **THE CORE CONTENTION: SUBSTANTIVE TRANSPARENCY VERSUS TECHNICAL OMISSION**
2. The focal point of debate in this appeal is whether a purely technical omission—specifically, the failure to populate Part-B of an e-way bill prior to transit—can legally sustain a 100% penalty under Section 129 when the underlying transaction is fully documented, tax-paid, and accompanied by genuine tax invoices and valid Part-A particulars.

6. The Appellant contends that:

- The goods in transit were **customized self-adhesive labels** manufactured strictly to the unique proprietary specifications of M/s. The Himalaya Drug Company.

- Due to their specialized nature, these labels possessed **zero commercial value or marketability to any third party** in the open market, thereby completely eradicating any rational motive, intent, or possibility of clandestine diversion or tax evasion.

- The omission of Part-B details was a clerical oversight during the nascent, volatile implementation phase of the e-way bill system.

7. Per contra, the Revenue maintains that generation of Part-B prior to movement is a mandatory statutory prerequisite under the CGST/KGST Rules, and any failure in this regard attracts strict civil liability irrespective of the presence or absence of fraudulent intent.

1. **ANALYSIS AND REASONING:**

THE INDISPENSABILITY OF *MENS REA* UNDER SECTION 129

8. We must examine whether Section 129 operates as an absolute liability trap that punishes technical slips with the same severity reserved for organized fraud. On a holistic construction of the statutory scheme, penal provisions of this magnitude cannot be invoked mechanically divorced from the presence of *mens rea*.

9. **The Dictum of *Shivam Papers*:** Drawing foundational strength from the ruling of the Hon'ble Supreme Court in ***Assistant Commissioner (ST) v. Satyam Shivam Papers (P.) Ltd.***, ((2022) 149 taxmann.com 473 (S.C.)) , it is a settled axiom that the mere occurrence of a technical or procedural variation in documentation cannot automatically raise a presumption of an intent to evade tax. Technical delays or documentation oversights, when unaccompanied by any design to defraud the exchequer, cannot be converted into instruments of confiscation.

10. **Regional Judicial Harmony (*Bvm Trans Solutions*):** Within our own territorial jurisdiction, the Hon'ble Karnataka High Court in***M/s. Bvm Trans Solutions Pvt. Ltd. v. Commercial Tax Officer*** *2025* KHC:47481 hasconsistently emphasized that where documentation anomalies are rectifiable, clerical, or stem from initial system integration hurdles, they must be adjudicated through the prism of proportionality. Treating an unpopulated Part-B field as conclusive evidence of smuggling, while ignoring immutable proofs of destination and tax payment, does violence to the statute.

11. **The mandate of *Sangeeta Jain*:** The Allahabad High Court in ***Sangeeta Jain v. Union of India (Hindustan Herbal Cosmetics)*** [2019 (29) G.S.T.L. 39 (All.)] definitively established that ***mens rea* is an essential, indispensable prerequisite** for imposing penal liabilities under Section 129. The Court held

"5. A perusal of the order imposing penalty indicates that the original authority has stated that mens rea is not required for imposition of penalty. This view is not correct in law and the conclusion reached thereafter is obviously illegal. This Court in M/s Hindustan Herbal Cosmetics v. State of U.P. and Others (Writ Tax No.1400 of 2019 decided on January 2, 2024) held that mens rea to evade tax is essential for imposition of penalty. "

12. In the instant case, as in Sangeeta Jain and BVM Trans Cases, no positive proof is established for intent to evade payment of tax and Reasonableness test of BVM Trans wholly applies in the present factual matrix andhence 100% penalty under sec 129 is unwarranted and unjustified as held in BVM Trans Solutions.

1. **COMPARATIVE JURISPRUDENCE & DISTINGUISHING LEGACY PRECEDENTS**
2. The Revenue and the First Appellate Authority heavily relied upon legacy apex court pronouncements—namely ***Assistant Commercial Tax Officer v. Bajaj Electricals Ltd.*** [2009 (1) SCC 708] and ***Guljag Industries v. CTO***[2007 (2) SCC 59]—to argue that *mens rea* is irrelevant for civil tax penalties.

14. We find this reliance fundamentally misplaced. Those judgments interpreted specific state-level entry tax and sales tax check-post regimes governed by absolute statutory declarations under legacy statutes. The GST framework, by contrast, is an integrated, destination-based tax system designed around digital transparency. Section 129 targets willful, contumacious evasion, not isolated, non-fraudulent clerical errors where transaction authenticity is undisputed.

15.

Conversely, the jurisprudence developed under the GST era—exemplified by rulings such as ***RS Industrial Solutions v. Addl. Commr.*** [2019 (26) G.S.T.L. 38 (All.)], ***VSL Alloys (India) Pvt. Ltd. v. State of UP*** [2018 (19) G.S.T.L. 814 (All.)], ***Fiserv Merchant Solutions v. State of UP*** [2020 (35) G.S.T.L. 150 (All.)], and ***Tata Hitachi Construction Machinery Co. v. State of UP*** [2019 (28) G.S.T.L. 55 (All.)]—unambiguously holds that non-filling of Part-B alone cannot attract Section 129 penalties without independent, recorded findings on an attempt to evade tax.

16. Further, the Karnataka High court in BVM Trans Solutions unambiguously laid down the principle that each case must pass the litmus test of intention to evade tax for q100% penalty to hold under Sec 129 of the Act. Thus, the Court held as under:

"26. Penalties have to be reserved for cases where an intentional act to defraud the tax system is evident, rather than for inadvertent technical errors. The legal foundation forthis principle lies in the recognition that taxation statutes are not designed to punish inadvertent mistakes but rather deliberate acts of non-compliance. The burden of proof, therefore, rests on tax authorities to establish the actual intent to evade tax before imposing penalties on taxpayers. This safeguards individuals and entities from punitive measures arising from honest mistakes, administrative errors, or technical discrepancies that lack any malicious intent.

27. The authorities need to meticulously examine the facts and circumstances surrounding each case to establish the presence or absence of intentional tax evasion.
28. **The requirement of intent to evade tax for the imposition of penalties is a fundamental principle that underpins the fairness and integrity of taxation systems. Recognizing the distinction between technical errors and intentional evasion is essential for maintaining a balanced and equitable approach to tax enforcement** (see: Falguni Steels vs State of U.P. and others, MANU/UP/0204/2024 "

1. **PROCEDURAL INFIRMITIES: THE FATAL OMISSION OF FORM GST MOV-09**
2. Beyond the substantive absence of *mens rea*, the adjudicatory process adopted by the enforcement wing suffers from a fatal procedural illegality.

17.

Under Section 129(3) of the CGST/KGST Act, upon detention and the receipt of objections, the proper officer is statutorily mandated to pass a final speaking order in **Form GST MOV-09** quantifying the tax and penalty after affording an opportunity of hearing. In the present case, the Revenue failed to issue Form GST MOV-09, directly bypassing statutory adjudication safeguards. As affirmed in decisions such as ***Aries Agro Ltd. v. State of UP***[2019 (20) G.S.T.L. 297 (All.)], the omission to issue the mandatory final order severely prejudices the assessee's statutory rights and vitiates the underlying penalty demand.

18. In the instant case, the impugned first appellate order patently failed to establish the foundational requirement of intentional tax evasion. The transaction was transparent; taxes were paid. The first appellate authority's omission to examine whether these established facts lead to an inevitable conclusion of intent to evade duty renders the imposition of a 200% penalty under Section 129 legally unsustainable.

19. **CONCLUSION:**

20. **19.** The imposition of a 100% penalty under Section 129 of the Act in the absence of any proven tax evasion intent, is arbitrary and hence legally unsustainable.

20. **20.** Accordingly, we pass the following order

ORDER

1. The appeal is **allowed** with consequential relief.

1. Order-in-Appeal No. JCCT, GST. AP.No.-1/2019-20 dated March 7, 2020, passed by the Joint Commissioner of Commercial Taxes (Appeals)-1, Bengaluru, is set **aside**.

1. The Respondent authorities are directed to refund the penalty amount of **Rs. 2,04,372/-** (deposited under protest by the Appellant on September 20, 2018) within four weeks from the date of receipt of this order.

(Sudha Koka)

(Srikanth Venkatraman)

Dated: 29.09.2026