GSTAT

Division Bench Court No. Court II

APL/106/BUR/2026

WOODFIELD SYSTEMS INTERNATIONAL PRIVATE LIMITED **.....Appellant**

Versus

THE COMMERCIAL TAX OFFICER (ENFORCEMENT)-05 SOUTH ZONE, COMMERCIAL TAX OFFICER, SOUTH ZONE BENGALURU â€“ 560 047 & ORS. **.....Respondent**

Counsel for Appellant
NAVEEN

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. : ZN270170926000216H **Date of order :** 29/09/2026

1.	GSTIN/Temporary ID/UIN - 27AAACW3635Q1ZS	
2.	Appeal Case Reference no. - APL/106/BUR/2026	Date - 24/03/2026
3.	Name of the appellant - WOODFIELD SYSTEMS INTERNATIONAL PRIVATE LIMITED , accounts@woodfieldsystems.com , 9769577882	
4.	Name of the respondant - 1. JCCT (e-Audit) , jccte-audit@ctd.ka.gov.in , 9448811330 2. The Commercial Tax Officer (Enforcement)-05 South Zone	
5.	Order appealed against -	
	(5.1) Order Type - Enforcement Order	
	(5.2) Ref Number - 85/24/25	Date - 14/06/2024
6.	Personal Hearing - 29/09/2026 15/09/2026 31/08/2026 14/07/2026 13/07/2026 07/07/2026 30/06/2026	

7.	Status of Order under Appeal - Reject - Order under Appeal is annulled
8.	Order in brief - Case Summary: M/s. Woodfield Systems International Pvt. Ltd. Core Issue: Whether an un-updated Part-B of an e-way bill—backed by a legitimate tax invoice, active Part-A, and a valid purchase order—can automatically trigger the maximum penal provisions of Section 129 of the GST Act without proof of intent to evade tax (mens rea). Impugned Action: The First Appellate Authority and tax department sustained a heavy penalty under Section 129, relying on older Supreme Court precedents (Bajaj Electricals and Guljag Industries) concerning physical check-posts and pre-GST entry tax systems. Appellate Finding / Ruling: The tribunal/appellate authority held that old physical check-post rulings do not apply to the digital, destination-based GST architecture. Citing rulings from various High Courts and the Supreme Court (M/s Satyam Shivam Papers, M/s Hemanth Motors, and BVM Trans Solutions Pvt. Ltd. v. State of Karnataka), the judgment established that technical tracking errors or un-updated Part-B entries cannot attract Section 129 penalties without independent, recorded evidence of an actual intent to evade tax. Final Order: The appeal filed by M/s. Woodfield Systems International Pvt. Ltd. is allowed. The Order-in-Appeal dated June 14, 2024, and the underlying penalty order under FORM GST MOV-09 dated April 2, 2024, are quashed and set aside. The Respondent authorities are directed to process and refund the penalty amount of Rs. 17,02,620/- (deposited under protest via FORM GST DRC-03) within 4 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

Levy of Penalty	Appeal dismissed vide Order-in-Appeal No. GST.AP.85/24-25 dated 14.06.2024. Impugned original order upheld and confirmed in its entirety as being in accordance with law. First Appellate Authority held that non-updation of Part-B is not a mere technical glitch and that Section 129 applies; relied on distinguishable precedents; rejected appellantÃ¢Â€Â™s contentions on absence of intent to evade tax, applicability of Section 122(1)(xiv), and CBIC Circular.	

Place :BENGALURU

Signature

Date : 29.09.2026

BENGALURU Sudha Koka

Designation : Member

Jurisdiction :Bengaluru

ORDER

Per: Sudha Koka , Member Technical (Centre)

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1. **FACTUAL MATRIX**

The Appellant, M/s. Woodfield Systems International Pvt. Ltd., is a design, manufacturing, sales and service organization providing customized bulk fluid handling and safety access solutions for loading and unloading product in the oil and gas, chemical petrochemical, cryogenic and aviation sector. Pursuant to a Purchase Order dated November 27, 2023, issued by Bharat Petroleum Corporation Ltd. (BPCL), Kochi, Kerala, the Appellant dispatched high-value loading/unloading arms. The consignment was accompanied by Tax Invoice No. W/23-24/418 dated March 27, 2024, explicitly disclosing the correct transport vehicle number (HR 38 Z 3057), delivery challans, and an active Part-A e-way bill.

While in transit, the vehicle was intercepted on March 30, 2024, at NICE Road, Bengaluru, by Respondent No. 1. Although all primary transit and tax documents (including invoice and Part-A) were fully intact and undisputed, Part-B of the e-way bill was un-updated due to logistical miscommunication and portal realities. Without establishing any intention to evade tax, the intercepting authority detained the goods and issued an order under Section 129(3) in Form GST MOV-09 on April 2, 2024, levying a 100% penalty amounting to Rs. 17,02,620/-. The Appellant deposited this amount under protest via FORM GST DRC-03 and subsequently filed an appeal before the First Appellate Authority. The First Appellate Authority dismissed the appeal vide Order-in-Appeal No. GST.AP.85/24-25 dated June 14, 2024, prompting the present proceedings.

1. **CHRONOLOGY OF EVENTS**

Date	Event Description
27.11.2023	Bharat Petroleum Corporation Ltd. (BPCL), Kochi, issues Purchase Order for heavy fluid handling equipment.
27.03.2024	Appellant issues Tax Invoice No. W/23-24/418, correctly declaring vehicle number HR 38 Z 3057.
28.03.2024	Part-A of the e-way bill is successfully generated on the GST portal.

30.03.2024	Consignment intercepted by Respondent No. 1 at NICE Road, Bengaluru; Part-B found un-updated at the exact moment of check.
02.04.2024	Penalty order passed under Section 129(3) in Form GST MOV-09, levying a 100% penalty of Rs. 17,02,620/-.
[Under Protest]	Appellant deposits the entire penalty amount via FORM GST DRC-03 under protest.
14.06.2024	First Appellate Authority passes Order-in-Appeal No. GST.AP.85/24-25, mechanically confirming the penalty.

III. Appellant's Contentions

The appellant in its grounds Appeal , contends that the complete absence of any intent to evade tax is established through several undisputed facts: Part-A of the e-way bill was validly generated beforehand with all transaction details; the tax invoice correctly bore the transporting vehicle number (HR 38 Z 3057); the transaction was a legitimate public sector supply against a valid BPCL purchase order; there was no physical mismatch between the goods and the accompanying invoice and e-way bill Part-A; applicable IGST was fully paid by the supplier with no tax evasion on exempted goods; and the non-updation of Part-B stemmed from a technical portal glitch acknowledged by the First Appellate Authority itself. Consequently, the First Appellate Authority's rejection of the technical glitch plea without evidence of tax evasion violates settled judicial precedent, as the burden of proving an intent to evade lies squarely on the Revenue rather than the taxpayer.

III. CASE LAW TABLES

Table 1: Precedents Relied Upon by the Appellant

S.No.	Case Name and Citation	Core Principle Extracted

1.	Ratan Enterprises v. State of U.P. (2024 Supreme(All) 1774)	Where goods do not vary from the invoice and the department fails to establish any intention to evade tax, a technical error like the non-filling of Part-B of the e-way bill does not sustain a penalty under Section 129(3).
2.	Nokia Solutions and Networks India Pvt. Ltd. v. State of U.P. ([2024] 159 taxmann.com 683 (All.) / 2024:AHC:20378)	Omission or delay in updating Part-B of the e-way bill due to logistical miscommunication or portal issues, when rectified subsequently, invalidates the levy of tax and penalty under Section 129.
3.	VSL Alloys (India) Pvt. Ltd. v. State of U.P. (2018 (15) G.S.T.L. 683 (All.) / 2018-VIL-196-ALH)	Merely failing to mention vehicle numbers in Part-B of an e-way bill, when all other accompanying statutory documents are intact and genuine, cannot serve as a valid ground for detention or seizure.

4.	RS Industrial Solutions v. Addl. Commr. (2019 (26) G.S.T.L. 38 (All.))	Non-filling of Part-B alone cannot attract Section 129 penalties without independent, recorded findings on an attempt to evade tax.

1. **Reasoning of First Appellate Authority**

The first appellate authority concluded that without Part-B, an e-way bill lacks validity for movement, and dismissed the plea of technical glitches due to a lack of evidence or prior to communication with e-Governance portal. It emphasized that for a high-value consignment valued at over Rs. 50 lakhs traversing 1457 kilometers across three states, failing to generate Part-B before transit constitutes a serious violation of GST regulations. The first appellate authority further reasoned that live interception by the respondent is essential to curb tax evasion, characterizing subsequent monthly return filings and tax discharges as a mere "postmortem" verification. Consequently, the authority held that any transit violation booked without valid contemporaneous documentation must be sustained, thereby upholding the 100% penalty levied under Section 129.

Table 2: Respondent (Revenue) Precedents & Distinguishing Context

1.	*Assistant Commercial Tax Officer v. Bajaj Electricals Ltd.* ((2009) 1 SCC 708)	Advocates strict liability and automatic penal consequences under legacy tax statutes where check-post papers were missing.	**Distinguished:** Rendered under legacy manual entry-tax regimes; inapplicable to the digital, transparent tracking network of the modern GST framework.
2.	*Guljag Industries v. State of Rajasthan* ((2007) 14 SCC 572)	Asserts that civil tax penalties operate strictly without necessitating proof of *mens rea* under historical physical check-post statutes.	**Distinguished:** Addressed total absence or falsification of primary transit documents, whereas this case features a fully authenticated tax invoice and active Part-A.

3.	*M/s Gati Kintetsu Express (P.) Ltd. v. Commissioner of Commercial Tax* ((2018) 15 G.S.T.L. 310 (MP) / (2018) 50 GSTR 451)	Affirms that statutory provisions mandate penalties for failing to update Part-B of an e-way bill during transit, holding transporters accountable for portal documentation compliance.	**Distinguished:** Involves standard operational defaults without mitigating evidence; whereas in the present case, the technical portal glitch is explicitly acknowledged by the authorities themselves, and total commercial transparency is established via a valid BPCL purchase order, full tax payment, and an active Part-A e-way bill.

Table 3: Superior Court Ratios & Comparative Framework considered by this Court

S.No.	Case Name and Citation	Core Principle Established / Ratio Decidendi	Application to the Present Dispute
1.	Assistant Commissioner v. Satyam Shivam Papers Pvt. Ltd *((2022) 134 taxmann.com 241 (S.C.))*	Held that temporal or procedural transit delays (such as an expired e-way bill during traffic blocks) do not automatically raise a presumption of tax evasion.	Establishes that procedural or technical tracking delays, in the absence of *mens rea* , do not equal tax evasion and cannot justify Section 129 penalties.

2.	M/s Hemanth Motors v. State of Karnataka 2020 SCC OnLine Kar 4088 / (2021) 124 Taxmann 550 (Kar))	Held that where goods move under a valid tax invoice and reach their destination, technical tracking errors or minor procedural omissions fall under general administrative provisions, and not under Section 129.	Supports the view that technical Part-B data omissions accompanied by a genuine invoice cannot be treated as clandestine tax evasion under Section 129.
3.	M/s BVM Trans Solutions v. State of Karnataka NC 2025:KHC:47481	Reaffirmed that treating minor documentation or Part-B omissions as tax evasion is arbitrary, and that such technical portal errors fall under general penalty provisions like Section 125 rather than Section 129.	Confirms that routine administrative portal or data-entry omissions are minor procedural errors, making heavy Section 129 penalties legally unsustainable.
4.	M/s TAFE Limited v. Union of India	State Quashed Section 129 orders where non-updationor technical errors in Part-B arose due to bona fide portal or technical glitches.	Directly governs cases where technical glitches hinder Part-B updates, invalidating arbitrary Section 129 penalty orders.

1. **ISSUES TO BE DETERMINED**

1. Whether the technical omission of updating Part-B of the e-way bill—standing alongside a genuine tax invoice, valid purchase order, and active Part-A e-way bill with all taxes accounted for—can independently justify a 100% penalty under Section 129(3) of the Act in the absolute absence of *mens rea* or intent to evade tax?

1. Whether legacy precedents governing strict liability under physical check-post statutes (e.g., *Bajaj Electricals*, *Guljag Industries*) apply to the digital transparency framework of the GST regime, or whether contemporary judicial ratios requiring the existence of *mens rea* for full-throttle application of Section 129 penalties—and whether in the absence of evidence of intent to evade, penalties need to be reasonable and proportional to the technical infraction (*M/s Hemanth Motors*, *M/s Satyam Shivam Papers*, and *M/s BVM Trans Solutions*)—govern technical portal/tracking discrepancies?

1. Wether the First Appellate Authority erred in law by upholding the penalty order (Form GST MOV-09) without recording any positive finding of an active, intentional design to evade tax?

1. **VI. ANALYSIS & FINDINGS**

1. We had heard the authorized representatives for the Appellant and the respondents, examined the records, and evaluated the rival contentions. The core controversy centers on whether an un-updated Part-B of an e-way bill—backed by a completely legitimate tax invoice, active Part-A, and a purchase order from BPCL—can trigger the maximum penal provisions of Section 129 of the Act.

2. To justify the penalty, both the tax department and the First Appellate Authority relied heavily on old Supreme Court rulings like *Assistant Commercial Tax Officer v. Bajaj Electricals Ltd.* and *Guljag Industries v. CTO*, arguing that intent is irrelevant for civil tax penalties.

3. This reliance is fundamentally misconceived. Those judgments interpreted specific state-level entry tax and physical check-post systems where everything relied on manual paper declarations. The modern GST system is totally different—it is an integrated, destination-based electronic network built for digital transparency. Section 129 is meant to catch people actively trying to cheat the system, not businesses making an honest clerical mistake when the actual transaction is fully accounted for.

4. Higher courts have consistently established that procedural oversight must be judged through a lens of administrative reasonableness. As laid down by the Karnataka High Court in ***M/s Hemanth Motors***((2021) 124 Taxmann 550 (Kar)), where goods moved under a valid tax invoice and Part-A of the e-way bill and successfully reached their destination, technical tracking errors or minor procedural omissions must be evaluated using a reasonableness test, falling under general penalty provisions rather than triggering a harsh Section 129 penalty.

5. This is further reinforced by the Supreme Court in ***Assistant Commissioner (ST) v. M/s Satyam Shivam Papers Pvt. Ltd.*** ((2022) 149 taxmann.com 473 (S.C.)), where it was held that temporal or procedural transit glitches do not automatically raise a presumption of tax evasion or justify heavy penalties without proof of a guilty mind (*mens rea*). Similarly, 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.

6. Further, the Karnataka High court in **BVM Trans Solutions Pvt. Ltd. v. State of Karnataka NC 2025: KHC:47481 unambiguously** laid down the principle that each case has to pass the litmus test of intention to evade tax for q100% penalty to hold under Sec 129 of the Act. The BVM Court held that:

"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 for this 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 tent.

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 “

7. The impugned first appellate order suffers a fundamental flaw: it sustains a heavy 200% penalty under Section 129 without establishing the essential ingredient of intent to evade tax. Given that the transaction was transparent, duly taxed, and fully documented, the authority's failure to connect the foundational facts to a finding of mens rea/evasion makes the penalty arbitrary and legally unsustainable.

VII. CONCLUSION

For the foregoing reasons, upon careful review of the factual matrix, established chronology, and settled judicial precedents, we pass the following order:

ORDER

1. The appeal filed by M/s. Woodfield Systems International Pvt. Ltd. is hereby **allowed**.

2. The Order-in-Appeal No. GST.AP.85/24-25 dated June 14, 2024, passed by the Joint Commissioner of Commercial Taxes (Appeals)-4, Bengaluru, as well as the underlying penalty order in Form GST MOV-09 dated April 2, 2024, are hereby **quashed and set aside**.

3. The Respondent authorities are directed to process and refund the penalty amount of **Rs. 17,02,620/-** deposited by the Appellant under protest via FORM GST DRC-03 within **4 weeks** from the date of receipt of this order.

(Sudha Koka)

(Srikanth Venkatraman)

Dated: 29.09.2026