GSTAT

State Bench Bengaluru

Division Bench Court No. Court II

APL/221/BUR/2026

VARDHMAN YARNS AND THREADS LIMITED **.....Appellant**

Versus

COMMISSIONER OF COMMERCIAL TAXES,
COMMISSIONER OF COMMERCIAL TAXES, VANIJA THERIGE KARYALAYA-1 1ST FLOOR GANDHINAGAR 560009 & ORS. **.....Respondent**

Quorum

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

Counsel for Appellant	**Counsel for Respondent**
GANESH S	RUKMINI M AC , STATE TAXES

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 orde : No

Order reference no. : ZN290170926000230H **Date of order:** 30/09/2026

1.	GSTIN/Temporary ID/UIN - 29AACCV2554K2ZY	
2.	Appeal Case Reference no. - APL/221/BUR/2026	Date - 12/05/2026
3.	Name of the appellant - VARDHMAN YARNS AND THREADS LIMITED , st1.vat1@vardhmanthreads.in , 7087235751	
4.	Name of the respondant - 1. JCCT (e-Audit) , jccte-audit@ctd.ka.gov.in , 9448811330 2. Commissioner of Commercial Taxes 3. Joint commissioner of Commercial Taxes Appeals 6	
5.	Order appealed against -	
	(5.1) Order Type - Demand Order	
	(5.2) Ref Number - GST AP NO.89/18-19	Date - 27/11/2019
6.	Personal Hearing - 30/09/2026 17/09/2026 08/09/2026	
7.	Status of Order under Appeal - Reject - Order under Appeal is annulled	
8.	Order in brief - Conclusion on the Core Issue In view of the above analysis of factual and legal matrix, we answer the core question—Whether the detention of goods under Section 129 at the doorstep of the consignee's premises solely due to an un-updated Part-B—subsequently cured—is legally sustainable? — in the negative for three reasons: First, the Jurisdictional Prerequisite of "In Transit": Section 129 contemplates detention of goods "in transit." In the present case, the vehicle had already completed its inter-state journey from Perundurai to Bengaluru and was stationary at the appellant’s registered gate. The driver’s statement corroborates	

	that the vehicle had reached its destination. Intercepting a vehicle that has finished its transit at the delivery address to invoke transit-detention provisions is a misapplication of the statute. Second, the Absence of Mens Rea and Application of Section 126: Section 126 of the CGST Act explicitly dictates that no penalty shall be imposed for minor breaches that are easily rectifiable and involve zero revenue loss. The omission of Part-B was a clerical slip committed during the early, teething weeks of the e-way bill mechanism. The tax on the underlying supply stood fully paid via valid tax invoices. To brand a bona fide stock transfer between sister units as tax evasion is manifestly arbitrary. Third, Administrative Flawed Procedure and Natural Justice: The original adjudication process was vitiated. Conducting a personal hearing on August 6, 2018, only to issue an order pre-dated to May 7, 2018, reduces the mandatory requirement of a personal hearing to an empty formality and violates the foundational tenets of audi alteram partem. This plea of the appellant was totally ignored by the First Appellate Authority. VII. CONCLUSION: In light of the above analysis, the impugned Order-in-Appeal dated November 27, 2019 cannot stand scrutiny in law and hence we order as below: ORDER The appeal is allowed. The Order-in-Appeal dated November 27, 2019, is set aside. The detention, tax demand, and penalty levied under Section 129 are declared illegal and unsustainable. The respondent is directed to refund the entire amount of tax and penalty collected from the appellant under protest, along with applicable statutory interest, within four weeks from the receipt of this order.

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	80744		80744		0		0		161488	0
(b) Interest	0		0		0		0		0	0
(c) Penalty	80744		80744		0		0		161488	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	322976	

Place :BENGALURU

Signature

Date : 30.09.2026

BENGALURU Sudha Koka

Designation : Member

Jurisdiction :Bengaluru

ORDER

PER: Sudha Koka. Member Technical (Centre)

TABLE OF CONTENTS

Serial No.	Contents	Page No.
I.	INTRODUCTION AND CONSPECTUS OF DISPUTE	5
II.	BRIEF FACTS, IMPUGNED PROCEEDINGDS AND TIMELINE	6
III.	GROUNDS OF APPEAL	8
IV.	CONTENTIONS OF THE RESPONDENT REVENUE	9
V.	RESPONDENT'S WRITTEN SUBMISSION AND REJOINDER BY THE APPELLANT	10-11
VI.	REASONING AND ANALYSIS	12 - 15
VII.	EXAMINATION OF STATUTORY SCHEME, BOARD CIRCULARS, AND CASE LAW	16
VIII.	CONCLUSION & ORDER	18

1. **INTRODUCTION & CONSPECTUS OF DISPUTE**

In tax law, the imposition of tax and penalties must always be guided by proportionality, fairness, and the absence of any intent to defraud the exchequer. The Goods and Services Tax regime is designed to streamline commerce across the nation through digital compliance. However, the law must always distinguish between intentional tax evasion and a harmless technical slip.

2. The present appeal, filed under the provisions of the Central Goods and Services Tax Act, 2017 (CGST Act) and the Karnataka Goods and Services Tax Act, 2017 (KGST Act), arises from an Order-in-Appeal dated November 27, 2019 passed by the First Appellate Authority, which upheld an adjudication order dated May 7, 2018 passed by the Commercial Tax Officer (Enforcement-22, South Zone, Bengaluru). The adjudicating authority had confirmed a tax demand and an equal 100% penalty under Section 129(3) of the CGST/KGST Acts amounting to ₹1,80,824/- towards tax and ₹1,80,824/- towards penalty (later re-quantified) solely on the ground that Part-B of the electronic waybill (e-way bill) was left un-updated at the time of interception, notwithstanding the physical presence of valid tax invoices, a generated Part-A, and the fact that the vehicle had already reached the destination premises.

I BRIEF FACTS, IMPUGNED PROCEEDIUNGS, AND TIMELINE

3. May 4, 2018: The supplier, M/s. Vardhman Yarns and Threads Limited (Unit-III, Perundurai, Tamil Nadu), generated Tax Invoice Nos. 3Y18000217 to 3Y18000219 along with Part-A of the e-way bill for a stock transfer of sewing threads destined for its trading branch at Yeshwantpur, Bengaluru.

May 4, 2018 (17:11 Hrs): Part-A of e-way bill No. 551030828011 was successfully generated via the portal. Due to an inadvertent oversight during the nascent implementation phase of the e-way bill system, Part-B detailing the vehicle registration (TN-39-CA-4867) managed by transporter G.V. Trans was left unpopulated.

May 5, 2018 (06:00 AM): The conveyance reached the appellant’s godown gate at KHB Colony, Yeshwantpur, Bengaluru. As the premises were closed at that early hour, the vehicle was stationed directly at the gate with the intent to unload.

May 5, 2018 (06:30 AM): The Commercial Tax Officer (CTO, Enf-22, SZ) inspected the stationary vehicle at the appellant's premises. The driver’s statement was recorded at the exact location of the appellant's unit. A Goods and Conveyance Endorsement was issued under Section 68(3) detaining the goods under Section 129(1) for want of Part-B update.

May 5, 2018: Promptly upon being notified of the technical omission, the appellant updated Part-B of the e-way bill on the portal.

May 7, 2018: The CTO issued a Show Cause Notice under Section 129(3), proposing a tax demand and penalty under both CGST and KGST.

May 6–7, 2018: To secure the release of the detained goods on an urgent basis, the appellant deposited the disputed amounts under protest and filed a detailed reply. A Release Order was subsequently issued on May 7, 2018.

July – August, 2018: Following administrative communications, a personal hearing was formally conducted on August 6, 2018, where comprehensive written submissions were placed on record.

September 15, 2018: The appellant received the adjudication order under Section 129(3). Notably, the order bore a pre-printed/back-dated date of May 7, 2018, completely ignoring the subsequent personal hearing and written submissions of August 6, 2018.

November 27, 2019: The First Appellate Authority mechanically dismissed the appellant's first appeal via Order-in-Appeal No. GST AP 12/18-19 (etc.), prompting the present second appeal before this Tribunal.

III. APPELANTS'S GROUNDS OF APPEAL

4. The appellant has challenged the Order-in-Appeal dated 27.11.2019 passed by the First Appellate Authority on several foundational grounds, inter alia:

- **Absence of "In-Transit" Status:** The pre-condition for invoking Section 129—namely, detention of goods "in transit"—was legally unsatisfied because the vehicle had already completed its transit and was parked at the consignee's registered premises.
- **Procedural Lapse vs. Substantive Violation:** Non-filling of Part-B was a minor, technical, and rectifiable lapse occurring merely 35 days post-rollout of the inter-state e-way bill system, unaccompanied by any intent to evade tax (mens rea).

- **Section 126 Protection:** The minor breach stands explicitly shielded by Section 126 of the CGST/KGST Acts, which bars penalization for clerical errors devoid of revenue loss.

- **Violation of Natural Justice:** The passing of a pre-dated order in original bearing May 7, 2018, despite a personal hearing held on August 6, 2018, rendered the procedural safeguards an empty formality.

- **Legal Misconception:** The authorities erred in treating an inter-state stock transfer as an intra-state supply by charging simultaneous CGST and SGST/KGST in the SCN.

- **Bona Fide Stock Transfer:** All substantive documents—tax invoices, transport notes, and Part-A—were flawless, matching the physical goods in entirety with zero revenue leakage.
- **Immediate Curing of the Defect:** Part-B was updated immediately upon being pointed out by the intercepting officer.

- **Judicial Consistency:** The appellant relies on a catena of rulings emphasizing proportionality, rectification, and the non-applicability of Section 129 when goods have reached their destination.

CONTENTIONS OF THE RESPONDENT REVENUE

- **Strict Liability of Part-B:** Part-B of the e-way bill is mandatory for tracking movement; plying a vehicle without updating Part-B constitutes a direct infraction of Rule 138 of the CGST Rules, 2017.

- **Irrelevance of Mens Rea under Section 129:** Proceedings under Section 129 are civil and deterrent in nature, operating independently of any proven fraudulent intent to evade tax.

- **Reliance on Precedents:** The revenue relies on judicial dictums holding that statutory compliance regarding e-way bills must be absolute during movement, and any relaxation would open floodgates for abuse.

WRITTEN SUBMISSIONS OF RESPONDENT AND REJOINDER BY APPELANT

Core Argument of The Revenue in Written Submission Dated 21.9.2026

The Respondent Revenue maintains that Section 129 of the CGST/KGST Act is a self-contained code. Moving goods across an inter-State distance of approximately 350 kilometres without a complete, Part-B-compliant E-Way Bill (as mandated by Rule 138 read with Circular No. 64/38/2018-GST) makes the document invalid for road movement. Consequently, detention, tax, and the fixed 100% penalty were legally warranted and correctly imposed.

- **Legality of Detention & Part-B Mandate:**

- Part-B (vehicle number) is mandatory prior to commencement of movement.

- Because Part-B was completely blank at interception, the E-Way Bill was invalid.

- The Appellant's own admission that Part-B was updated *only after* being pointed out confirms that the movement was still incomplete and in transit. The plea that goods had already reached the destination is treated as an afterthought lacking contemporaneous proof (such as inward gate or stock entries).

- **Rebuttal of Appellant's Grounds:**

- **Circular No. 64/38/2018-GST:** Exhaustively lists minor/clerical errors (like 1–2 wrong digits in a vehicle number) that escape Section 129 penalties, but *complete omission* of Part-B is intentionally excluded.

- **Section 126:** Inapplicable because Section 126(6) bars its use for fixed-percentage penalties like those under Section 129.

- **Mens Rea / Intent to Evade:** Section 129 is triggered objectively by the contravention itself; proof of subjective intent or tax evasion is not a pre-requisite (relying on *Guljag Industries* and Allahabad HC precedents like *B.M. Computers*).

- **Tax Head:** Discrepancy in the tax head causes zero revenue loss since the aggregate rate (12%) is identical, and Section 20 of the IGST Act applies penal provisions *mutatis mutandis*.

- **Procedural/Natural Justice Claims:** The adjudicating and appellate authorities followed due process, and any minor procedural omissions (such as DRC-07 or APL-04 summaries) caused zero prejudice to the Appellant.

- **Distinction of Case Laws:**

- *M/s Hemanth Motors* and *M.S. Metals* are distinguished on facts: those cases dealt with the timely arrival of an otherwise valid E-Way Bill before expiry, whereas the present case concerns the fundamental absence of a valid Part-B at the start of a 350-kilometer inter-State transit.

Rejoinder of the Appellant to the Written Submission of the Respondent:

- **The case is not an undocumented movement of goods**, but a documented transaction where only a single electronic field—the vehicle registration number in **Part-B** (TN-39-CA-4867)—was omitted. All other critical particulars (invoices, supplier, recipient, HSN, value, and Part-A details) were fully available and verified.

- **Nature of Part-B:** FORM GST EWB-01 shows that Part-B contains only one field: **Vehicle Number**. The omission was simply failing to type the vehicle number electronically, even though the exact vehicle was physically present before the officer, matched all documents, and was subsequently updated. The inter-state invoices charging IGST further prove the transaction was transparent and accounted for.

- **Distinction and Precedents:** The Karnataka High Court ruling in *BVM Trans Solutions* and other recent decisions (*Fiserv*, *Maa Vindhyavasini*) establish that omitting a vehicle number in Part-B is a **curable procedural defect** and does not

automatically warrant heavy penalties under Section 129 unless tax-evasion intent or fraudulent design is proven.

- **Distance and Destination:** The 350-kilometer distance does not alter the nature of the omission. Furthermore, the vehicle had already reached its declared destination at Yeshwanthpur, Bengaluru, and was merely awaiting unloading when intercepted, bringing it outside the scope of goods "in transit" under Section 129 (*Hemanth Motors, M.S. Metals*).
- **Absence of Intent to Evade:** The contemporaneous presence of valid invoices, matched goods, correct tax payment, and immediate updating of the vehicle number completely rebuts any presumption of tax evasion.

VI. ISSUE TO BE DETERMINED

1. 5. Having evaluated the record, grounds of appeal, the statutory provisions, and the rival submissions, written as well as oral, and written submissions and rejoinders of Respondent and the appellant respectively, this court frames the core issue for determination: Whether the detention of goods and levy of penalty under Section 129 of the Act at the doorstep of the consignee's premises solely due to an un-updated Part-B—subsequently cured—is legally sustainable?

VII. REASONING AND ANALYSIS

EXAMINATION OF STATUTORY SCHEME, BOARD CIRCULARS, AND CASE LAW

6. **6. Statutory Framework and Board Circulars:**

Section 129 of the CGST Act empowers authorities to detain goods and conveyances "while in transit" if transported in contravention of the Act. However, statutory interpretation cannot be isolated from ameliorative instructions issued by the Central Board of Indirect Taxes and Customs (CBIC). Circular No. 64/38/2018-GST explicitly clarifies that minor discrepancies—such as spelling errors, omission of digits in vehicle numbers, or technical oversights where primary documents such as tax invoices and Part-A exist—should not attract confiscatory

proceedings under Section 129 but must be dealt with leniently under Section 125 as a general penalty, provided there is no evasion intent.

7. **7. Comprehensive Legal Analysis:**

Part-B e-Way Bill Omissions, Departmental Stand, CBIC Circulars, and Judicial Distinctions

The core controversy involves reconciling the strict enforcement stance taken by the Department with the protective statutory umbrella of Section 126 and the judicial consensus established by the Supreme Court and the High Court of Karnataka.

A. The Board Circular and the Departmental Counter-Stance

- **The CBIC Circular Guidelines:** The Central Board of Indirect Taxes and Customs (CBIC) issued instructions (such as Circular No. 64/38/2018-GST) directing that minor discrepancies in documentation, such as spelling mistakes, minor typographical errors in document numbers, or technical omissions—should not be relied under Section 129 of the CGST Act for massive tax-cum-penalty demands. Instead, they should be treated as minor procedural infractions under Section 125 (General Penalty).

The Department's Distinguishing Stand: Why the Department Rejects Part-B Omission as "Minor": The Revenue argues that while a spelling typo or an incorrect digit in an invoice number is a minor error, leaving Part-B completely unpopulated absolves the e-way bill of its tracking mechanism.

The Revenue's Rationale: Departmental authorities maintain that Part-B links the movement to a specific vehicle registration number. Without it, the e-way bill cannot fulfill its surveillance purpose, potentially enabling multiple trips using a single invoice. Therefore, the Department classifies a blank Part-B as a default rather than a minor clerical error, justifying full-scale invocation of Section 129(3).

B. Analysis of Case Law Relied Upon by the Appellant v. the Revenue

Jurisprudence Relied Upon by the Appellant:

State of Karnataka v. M/s. Hemanth Motors (Karnataka High Court - Division Bench): [2021] 124 taxmann.com 550 / 84 GST 394 (Kar.)

Principle: The Karnataka High Court ruled that when a conveyance successfully reaches the destination premises within the valid window of the e-way bill, enforcement actions initiated at the destination doorstep rather than "in transit" are illegal.

Application: Directly protects the taxpayer when verification occurs at the delivery gate rather than mid-highway.

M/s. BVM Trans Solutions Pvt. Ltd. v. Commercial Tax Officer (Karnataka High Court): W.P. No. 20966 of 2024 (Order dated September 10, 2024).

Principle: The Karnataka High Court analyzed Section 126 alongside Section 129, holding that omissions like unpopulated vehicle numbers in Part-B are curable, bona fide mistakes. If underlying tax invoices are valid and no intent to evade tax (mens rea) exists, coercive detention and penalties under Section 129 is legally flawed.

Allahabad High Court Line of Precedents (M/s. Hindon Machinery Tools, M/s. Maa Fiserv):

Principle: Established that where Part-A is generated and tax-paid invoices accompany the consignment, an initial omission in Part-B is a remediable procedural lapse that does not warrant seizure or harsh detention penalties.

Authorities and Judgments Relied Upon by the Revenue:

Gati Kintetsu Express Pvt. Ltd. v. Commissioner, Commercial Tax (MP High Court): [2018] 15 G.S.T.L. 310 (M.P.) / W.P. No. 6633 of 2018

- *Principle:* The Madhya Pradesh High Court held that entering the vehicle number in Part-B of the e-way bill prior to movement is mandatory under Rule 138 of the CGST Rules. Non-compliance justifies interception and penal action.

Department's Application: Used to argue that procedural mandates regarding vehicle tracking cannot be diluted by treating blank Part-B fields as trivial errors.

Garuda Timber Traders v. Commissioner, State GST Dept. (Kerala High Court): Judgment in W.P.(C) No. 26848 of 2018 dated September 8, 2018

Principle: Held that an incomplete e-way bill (un-uploaded Part-B) provides statutory backing for the department to demand security and detain goods provisionally.

C. Reconciling Supreme Court and Karnataka High Court Rulings on Section 126 vs. Section 129

Application of the Supreme Court Ruling in Satyam Shivam Papers on Mens Rea under Section 129

The integration of the Supreme Court's ruling in Assistant Commissioner (ST) v. M/s. Satyam Shivam Papers (P.) Ltd. [(2022) 14 SCC 157] provides the central legal answer to the department's rigid enforcement stance.

The Core Holding of the Supreme Court: The Supreme Court categorically established that penalties under Section 129 of the CGST/KGST Act cannot be sustained in the absolute absence of an intention to evade tax (mens rea).

Application to Technical Flaws: The Apex Court ruled that procedural glitches, technical delays, or paperwork gaps (such as lapsed e-way bill validity or initial data non-updates) cannot automatically trigger a legal presumption of tax evasion unless the Revenue brings forth positive material or evidence demonstrating a deliberate design to defraud the exchequer.

Distinguishing Departmental Strictness via Satyam Shivam Papers:

When the Department attempts to separate Part-B omissions from the protective scope of CBIC Circular No. 64/38/2018-GST by arguing that a blank Part-B is a default rather than a minor typo, the Supreme Court's ruling in Satyam Shivam Papers acts as an overriding statutory shield:

Absence of Presumed Fraud: The Revenue cannot legally substitute a missing Part-B field with a presumption of tax evasion. Under the Satyam Shivam Papers doctrine, the statutory

burden remains on the Revenue to prove that the technical lapse was coupled with a fraudulent intent to evade tax.

Substantive Compliance vs. Procedural Strictness: Where the underlying stock transfer is backed by genuine, tax-paid invoices and a successfully generated Part-A—and where the omission is rectified instantly—treating the technical default as a tool for punitive confiscation violates the core ratio of the Supreme Court in Satyam Shivam Papers.

Harmonizing Supreme Court and Karnataka High Court Precedents:

When the Principle laid down by the Apex court in Satyam Shivam Papers is read alongside Karnataka High Court Authorities (M/s. Hemanth Motors and BVM Trans Solutions), the legal framework establishes that:

Section 129 is not a Strict Liability Trap: It cannot be deployed to penalize honest taxpayers for minor technical omissions when zero revenue loss exists.

The Test of Proportionality: Drawing from Satyam Shivam Papers, enforcement authorities must differentiate between active clandestine clearances (where mens rea is evident) and genuine, bona fide procedural delays or curation errors (where penal action is entirely uncalled for).

The legal harmony between the conflicting interpretations is governed by a unified judicial test:

The Karnataka High Court in M/s. BVM Trans Solutions (P.) Ltd. v. Commercial Tax Officer emphasized that Section 126 explicitly restricts penal powers for minor, easily rectifiable omissions devoid of revenue loss. In BVM Trans Solutions the Hon'ble High Court laid down a reasonableness test held that :

- "51. We are also of the firm opinion that the levy of penalties under the Act must be guided by the salutary principles which stand embodied in Section 126. That statutory provision is undoubtedly an embodiment of the legislative intent of levy of penalties being guided by principles of moderation, restraint and reasonableness."

Distinction Based on Intent (Mens Rea) and Transit Reality:

Strict rulings (such as Gati Kintetsu) apply where vehicles are caught plying surreptitiously on highways with completely open documentation to mask fraudulent evasion.

Conversely, beneficial rulings by the Karnataka High Court (Hemanth Motors, BVM Trans Solutions) apply where the transaction is genuine (such as a corporate stock transfer), backup invoice documents are available and part of the E waybill is available abd part B is not furnished due to operational infraction and the omission is cured instantly, and no clandestine removal is with mensrea is established and the vehicle has terminated its journey at the destination.

Thus, transforming a rectifiable paperwork delay into a confiscatory penalty at the consignee's doorstep violates the **doctrine of proportionality and reasonableness embedded in GST law.**

Conclusion on the Core Issue

In view of the above analysis of factual and legal matrix, we answer the core question—*Whether the detention of goods under Section 129 at the doorstep of the consignee's premises solely due to an un-updated Part-B—subsequently cured—is legally sustainable?* — **in the negative** for three reasons:

- **First, the Jurisdictional Prerequisite of "In Transit":** Section 129 contemplates detention of goods "in transit." In the present case, the vehicle had already completed its inter-state journey from Perundurai to Bengaluru and was stationary at the appellant’s registered gate. The driver’s statement corroborates that the vehicle had reached its destination. Intercepting a vehicle that has finished its transit at the delivery address to invoke transit-detention provisions is a misapplication of the statute.

- **Second, the Absence of Mens Rea and Application of Section 126:** Section 126 of the CGST Act explicitly dictates that no penalty shall be imposed for minor breaches that are easily rectifiable and involve zero revenue loss. The omission of Part-B was a clerical slip committed during the early, teething weeks of the e-way bill mechanism. The tax on the underlying supply stood fully paid via valid tax invoices. To brand a bona fide stock transfer between sister units as tax evasion is manifestly arbitrary.

- **Third, Administrative Flawed Procedure and Natural Justice:** The original adjudication process was vitiated. Conducting a personal hearing on August 6, 2018, only to issue an order pre-dated to May 7, 2018, reduces the mandatory requirement of a personal hearing to an empty formality and violates the foundational tenets of *audi alteram partem*. This plea of the appellant was totally ignored by the First Appellate Authority.

VII. CONCLUSION:

1. In light of the above analysis, the impugned Order-in-Appeal dated November 27, 2019 cannot stand scrutiny in law and hence we pass the following order:

ORDER

1.The appeal is **allowed**. The Order-in-Appeal dated November 27, 2019, is **set aside**.

2.The detention, tax demand, and penalty levied under Section 129 are declared **illegal and unsustainable**.

3.The respondent is directed to **refund** the entire amount of tax and penalty collected from the appellant under protest, along with applicable statutory interest, within **four weeks** from the receipt of this order.

(Sudha Koka)

(Srikanth Venkatraman)

Dated: 30.09.2026