GSTAT

State Bench Varanasi

Division Bench Court No. Court I

APL/4/VRN/2026

ANKIT TRADERS **.....Appellant**

Versus

COMMISSIONER STATE TAX & ORS. **.....Respondent**

Quorum

Hon'ble Narendra Bahadur Yadav, Member(Judicial)
Hon'ble Ananjai Kumar Rai, Member (Technical)

Counsel for Appellant
DR. SWAYAMBHAV MANU, ADVOCATE

Counsel for Respondent
SHRI MANAV KUMAR VIKAS, DEPUTY COMMISSIONER, STATE TAX VARANASI

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. :
ZN090381026000060H

Date of order : 28/10/2026

1.	GSTIN/Temporary ID/UIN - 09BMRPA7370P1Z8	
2.	Appeal Case Reference no. - APL/4/VRN/2026	Date - 18/03/2026
3.	Name of the appellant - Ankit Traders , hans.adv1984@gmail.com , 7317581832	

4.	Name of the respondant - 1. Shri Prakash Yadav Joint Commissioner(IT) State Tax Headquarters Lucknow , ctithqlu-up@nic.in , 7235002314 2. COMMISSIONER STATE GOODS AND SERVICES TAX DEPARTMENT/	
5.	Order appealed against - AD0904240124939	
	(5.1) Order Type - Enforcement Order	
	(5.2) Ref Number - ZD091025227464H	Date - 31/10/2025
6.	Personal Hearing - 28/10/2026 13/10/2026 06/10/2026 01/09/2026 30/07/2026	
7.	Status of Order under Appeal - Reject - Order under Appeal is annulled	
8.	Order in brief - 1. The present appeal has been filed by M/s Ankit Traders, Kanpur, against the orders dated 05.02.2024 and 25.10.2025 passed by the Adjudicating Authority and First Appellate Authority, respectively, imposing and confirming a penalty of ₹1,60,216/- under Section 129 of the CGST/SGST Acts read with Section 20 of the IGST Act. 2. The vehicle carrying two consignments of areca nuts was intercepted on 03.02.2024. The driver produced the relevant e-invoices and e-way bills. The penalty was imposed due to a discrepancy between the place of dispatch mentioned in the goods receipts issued by M/s CKT Cargo Movers, Kolkata, and that mentioned in the e-way bills, which indicated Purbo Kitterbond, Assam. 3. The appellant submitted that the goods were transported by train from Assam to Kolkata and thereafter by road to Kanpur. Hence, Kolkata was mentioned as the place of dispatch in the goods receipts prepared for road transportation. It was further contended that both consignments were duly accounted for in the statutory returns and the applicable tax had been paid. 4. The point for determination is whether the discrepancy in the place of dispatch warrants penalty under Section 129 of the CGST/SGST Acts. 5. The records reveal that valid e-invoices and e-way bills were produced at the time of interception. The explanation regarding transportation in two legs is plausible. Both transactions were reflected in the statutory returns, and no material was established to demonstrate that the goods were unaccounted for or that the discrepancy was intended to evade tax. 6. The Hon’ble Madras High Court in M/s Jindal Pipes Ltd. v. Deputy State Tax Officer, W.P. (MD) No. 17211 of 2024, and the Hon’ble Allahabad High Court in M/s Saumya v. Union of India, Writ Tax No. 664 of 2025, considered the effect of technical discrepancies in transport	

	documents in the absence of circumstances indicating tax evasion. 7. In the facts and circumstances, the discrepancy, without evidence of unaccounted goods or an attempt to evade tax, does not justify the penalty imposed. 8. Accordingly, the appeal is allowed. The impugned orders dated 05.02.2024 and 25.10.2025 are set aside. The penalty, if already paid, shall be refunded in accordance with law. The parties to bear their own costs. Ordered accordingly.

Summary of Order

9.	If demand order then whether demand quantified: No

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	the first appellate authority confirmed the order of mobile squad officer and levied penalty under section 129	The appeal is allowed and impugned orders dated 05.02.2024, and 25.10.2025 passed by Adjudicating Authority and Appellate Authority respectively are hereby quashed. The amount of penalty as imposed upon appellant, if paid, be refunded by respondent in accordance to procedure and law. The parties to bear their own respective costs.

ORDER

Per: Shri Narendra Bahadur Yadav (Member, Judicial):

Assistant Commissioner, Mobile Squad IInd Unit, Chandauli, Uttar Pradesh intercepted the vehicle no. WB 23 F 6170 loaded with areca nuts on 03.02.2024 within geographical area of district Chandauli (Uttar Pradesh). The intercepted vehicle and goods loaded with it were inspected and searched by tax authorities. The driver of the vehicle produced the following documents at the time of interception:

(i). GR Number 12480 dated 29.01.2024 of M/s CKT Cargo Movers, Kolkata

(ii). E-invoice No. SR/23-24/718 dated 27.01.2024 issued by M/s SR Enterprise, Purbo Kitterbond Pt. II, Assam (GSTIN: 18BRDPC7186A1ZO)

(iii). E-way Bill No. 821380478184 dated 02.02.2024 regarding transportation of seventy bags of areca nut from Assam to M/s ANKIT TRADERS, KANPUR.

(iv). GR Number 12523 dated 30.01.2024 of M/s CKT Cargo Movers, Kolkata

(v). E-invoice No. SR/23-24/723 dated 30.01.2024 issued by M/s SR Enterprise, Purbo Kitterbond Pt. II, Assam (GSTIN: 18BRDPC7186A1ZO)

(vi). E-way Bill No. 851381243803 dated 02.02.2024 regarding transportation of 110 bags of areca nut from Assam to M/s ANKIT TRADERS, KANPUR.

2. According to version of tax authorities, the vehicle and goods were seized on the basis of the statement / narration of driver and the bilty of the transporter regarding transportation of goods from Kolkata instead of Purbo Kitterbond, Assam which mismatched with place of dispatch as mentioned in E-way Bill. The place of dispatch had been mentioned in E-way Bill as Purbo Kitterbond, Assam and place of supply as Kanpur, Uttar Pradesh. Allegedly supply had been made by M/s SR Enterprises, Assam to M/s Ankit Traders, Kanpur.

3. The recipient M/s Ankit Traders submitted reply to Mobile Squad Officer / Adjudicating Authority after receiving Show Cause Notice (SCN) regarding mismatch of the place of dispatch. The recipient expressed the alleged mismatch as minor discrepancy, since the goods were transported with lawful documents, i.e. E-way Bill and E-invoice, etc. and no intention depicts to evade the tax.

4. Disbelieving averments made in reply to show cause notice, the Adjudicating Authority imposed penalty of Rs. 160216/- under section 129 of CGST / SGST Act / section 20 of IGST Act recognizing the act of supplier and recipient as breach of law and rules prescribed thereunder vide order dated 05.02.2024.

5. Being aggrieved vide order dated 05.02.2024 passed by the Mobile Squad Officer, the appeal was preferred under section 107 of GST Act and same got dismissed vide order dated 25.10.2025. The Appellate Authority confirmed the order dated 05.02.2024 passed by Adjudicating Authority.

6. The instant appeal has been filed by appellant M/s Ankit Traders to redress the grievance arisen due to orders dated 05.02.2024 and 25.10.2025 passed by the Adjudicating Authority and First Appellate Authority respectively. Such orders have been challenged mainly on the grounds that the Adjudicating Authority as well as Appellate Authority both failed to consider that the discrepancy regarding mismatch in place of dispatch was of minor nature, statement of driver can not be relied upon and non-existence of intention to evade the tax.

7. The copy of E-invoices, E-way Bill, copy of impugned orders and other relevant documents have been uploaded on the portal by appellant alongwith filing of appeal before the Tribunal.

8. In his written submissions, the appellant submitted that the goods had actually been dispatched by rail from the supplier's location at Purbo Kitterbond, Assam, through the nearest railway station at Monacherra to Kolkata, and thereafter transported by road from Kolkata to Kanpur. Since M/s CKT Cargo Movers, Kolkata, was

responsible for the road transportation of the goods from Kolkata to Kanpur, the transporter issued the goods receipt (GR) mentioning Kolkata as the place of dispatch. Accordingly, the driver made his statement on the basis of the road transportation documents, wherein Kolkata was mentioned as the place of dispatch.

9. The learned counsel of appellant Dr. Swayambhav Manu, Advocate, appeared through virtual mode and learned representative of respondent State, Shri Manav Kumar Vikas, Deputy Commissioner, State Tax, appeared in person for advancing oral arguments.

10. Heard arguments of learned counsel of appellant and learned representative of respondent. The Bench also perused the record available on portal.

11. It is an admitted fact that the recipient, M/s Ankit Traders, is based in Kanpur, Uttar Pradesh, and the tax in respect of the transactions in question accrued to the State of Uttar Pradesh. Further, the documents produced at the time of interception, read in conjunction with the corresponding returns filed by the supplier and the recipient, establish that both consignments were duly accounted for and the applicable tax had been duly discharged by the concerned parties. In view of these facts, there is no basis to allege any intention

to evade tax, particularly when the transactions were duly recorded in the statutory returns and the tax liability stood duly paid.

12. On the basis of grounds of appeal and submission made on behalf of both parties, the determinable point exists as: whether merely the mismatch in place of dispatch without intention to evade tax leads violation or breach of law and rules attracting imposition of penalty under section 129 of GST Act.

13. The Adjudicating Authority considered the mismatch in place of dispatch as breach or violation of law and rules. On such basis the penalty was imposed under section 129 of GST Act. The order passed by Adjudicating Authority finds confirmation vide impugned order dated 31.10.2025 passed by Appellate Authority.

14. The learned counsel of appellant argued that the penalty does not attract to be imposed under section 129 of GST Act merely on the basis of mismatch in place of dispatch, particularly where no intention exists to evade the tax.

15. The learned State Representative appearing for respondent argued that the intention to evade tax is not a key ingredient for imposition of penalty under section 129 of GST Act.

16. The learned counsel of appellant and learned representative of State Tax Department relied upon various case laws. The relevant case laws will find mention in succeeding paragraphs.

17. In M/s K.S. Traders vs. The Deputy Commercial Tax officer (INT) Roving Squad, W.P. (MD) No. 23310 of 2025, there was a mismatch between the place of supply indicated in the tax invoice and place of dispatch mentioned in the E-way Bill, the consignment was intercepted and seized by Tax Authorities. Hon'ble Madras High Court pleased to decide the case relying upon earlier decision of same Hon'ble Court in M/s Jindal Pipes Ltd vs Deputy State Tax Officer (INT) Roving Squad-I, Madurai, 2021 (8) TMI 72, rendered on 25.07.2024 in W.P. (MD) NO. 17211 of 2024. On the ratio of law laid in M/s Jindal Pipes (supra), Hon'ble Court set aside the order passed by tax authorities regarding imposition of penalty treating the mismatch of place of supply as technical venial breach of the place of supply as technical venial breach of the provisions or the minor discrepancy in the variance in the address in the tax invoice and the E-way Bill.

18. In para 19 of the judgment rendered in M/s Jindal Pipes Ltd. (supra), Hon'ble Court observed, "In my view, the imposition of penalty for technical venial breach of the provisions or the minor discrepancy in the variance in the address in the tax invoices and the E-way Bill would not justify the penalty under section 129 (5) of the respective GST enactments.''

19. Hon'ble Allahabad High Court in the case of M/s Saumya vs. Union of India, Writ Tax No. 664 of 2025, decided on 14.07.2025, held that a mere technical error in the dispatch location mentioned in the E-way Bill, in the absence of any intent to evade tax or discrepancy in goods does not warrant seizure or imposition of penalty under section 129 of the CGST/SGST Act.

20. In M/s Sangeeta Jain vs. Union of India and others (Writ Tax No. 783 of 2023, decided on 22.04.2024), 2024:AHC:70303, Hon'ble Allahabad High Court ruled that minor clerical or technical errors in an E-way Bill or invoice, without any proof of mens rea to evade tax does not attract section 129 of CGST / SGST Act for seizure and imposition of penalty.

21. The law laid in M/s Saumya (supra) and M/s Sangeeta (supra) underscores the principal that procedural lapses without substantive irregularities should not lead to punitive consequences. M/s SK Traders (supra) and M/s Jindal Pipes Ltd (supra) also evolve same principle.

22. On the basis of observations made above, the appeal is liable to be allowed, since at the time of interception valid documents ie. E-invoices and E-way Bills were produced. Both the transactions are reflected in the GSTR-2A and no mens rea (guilty intention) exists to evade the tax and law does not support to penalize the traders under

section 129 of CGST / SGST Act merely on the basis of technical irregularities.

23. The appeal is allowed and impugned orders dated 05.02.2024, and 25.10.2025 passed by Adjudicating Authority and Appellate Authority respectively are hereby quashed. The amount of penalty as imposed upon appellant, if paid, be refunded by respondent in accordance to procedure and law. The parties to bear their own respective costs.

(Order pronounced in open court)

(Ananjai Kumar Rai) (Narendra Bahadur Yadav)

DATED: 28.10.2026