GSTAT

State Bench Chandigarh

Division Bench Court No. Court I

APL/93/CHD/2026

MITTAL CUTTERS & ALLIED WORKS (P) LTD **.....Appellant**

Versus

COMMISSIONER (APPEALS) OFFICE OF THE COMMISSIONER (APPEALS) CENTRAL GOODS AND SERVICES TAX APPEALS COMMISSIONERATE CHANDIGARH., COMMISSIONER (APPEALS), OFFICE OF THE COMMISSIONER (APPEALS) CENTRAL GOODS AND SERVICES TAX APPEALS COMMISSIONERATE PLOT NO.19 C.R BUILDING SECTOR-17/C CHANDIGARH & ORS. **.....Respondent**

Quorum

Hon'ble Jatinder Pal Singh, Member(Judicial)
Hon'ble Pradeep Kumar Goel, Member (Technical)

Counsel for Appellant

SH. AMIT PARSAD, ADVOCATE

Counsel for Respondent
SH. VEER SINGH MEENA, AR

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. : ZN040281026000400H **Date of order :** 30/10/2026

1.	GSTIN/Temporary ID/UIN - 04AAECM3856D1ZQ	
2.	Appeal Case Reference no. - APL/93/CHD/2026	Date - 02/03/2026
3.	Name of the appellant - MITTAL CUTTERS & ALLIED WORKS (P) LTD , ishaanmittal.s@gmail.com , 9814000713	
4.	Name of the respondant - 1. CGST Commte Chandigarh , prcommr-chd@gov.in , 9810441570 2. Commissioner (Appeals) Office of the Commissioner (Appeals) Central Goods and Services Tax Appeals Commissionerate Chandigarh. , commr-gstappeals-chd@gov.in	
5.	Order appealed against - AD040525000359D	

	(5.1) Order Type - Demand Order	
	(5.2) Ref Number - ZD0412250002636	Date - 02/12/2025
6.	Personal Hearing - 30/10/2026 23/09/2026 02/09/2026 19/08/2026 29/07/2026 21/07/2026 14/07/2026 07/07/2026	
7.	Status of Order under Appeal - Reject - Order under Appeal is annulled	
8.	Order in brief - We therefore hold that in the absence of any other evidence which clearly establishes evasion / non-payment of tax, there is no legal basis for demanding duty merely on the basis of the value of goods declared in the e-way bills. We therefore allow the appeal and set aside the demand of tax, interest and penalty. The appeal is allowed, and the Impugned Order passed by the Appellate Authority is quashed and set aside.	
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
Short or non-payment of tax	Upheld the findings in toto of the adjudicating authority	

Place :CHANDIGARH

Signature

Date : 30.10.2026

CHANDIGARH Jatinder Pal Singh

Designation : Member

Jurisdiction :Chandigarh

ORDER

In the present case, M/s Mittal Cutter & Allied Works (P) Ltd., 182/82, Industrial Area, Phase-I, Chandigarh (hereinafter referred to as "the Appellant"), an entity registered with the Department vide GSTIN No. 04AAECM3856D1ZQ, have filed this appeal against Order-in-Appeal No. CHD-CGST-001-APPL-ADC-256-2025-26 dated 25.11.2025 (hereinafter referred to as "the Impugned Order") passed by the Additional Commissioner (Appeals), Chandigarh ("the Appellate Authority"). The CGST Department is the Respondent herein.

2. Before proceeding further, it is relevant to note that the name of the Respondent in the cause title appearing on the GSTAT Portal appears to have been reflected erroneously. It is seen that the Commissioner (Appeals), Chandigarh is appearing as the Respondent in the cause title. However, as per Rule 33(1) of the Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025, in an appeal filed by a person other than the Commissioner, the Commissioner concerned shall be made the respondent to the appeal. Hence, the cause title of this appeal should be corrected and read as: "Mittal Cutters & Allied Works (P) Ltd. vs. Commissioner of CGST, Chandigarh."

BRIEF FACTS

3. The brief facts of the case are that during scrutiny of the returns filed by the Appellant for the tax period 2020-21, some discrepancies were noticed due to difference in tax payable as per e-way bills and as declared and paid in GSTR-3B. The tax liability as declared in Form GSTR-3B for the period 2020-21 was Rs. 1,10,069/- whereas the tax liability as per e-way bills worked out to Rs. 38,03,254/-. Thus, it appeared that the Appellant had short paid tax amounting to Rs. 36,93,185/- (Rs. 38,03,254/- minus Rs. 1,10,069/-). Accordingly, a show cause notice dated 28.11.2024 was issued to the Appellant.

4. The Appellant filed reply to the show cause notice on 05.12.2024 wherein they stated that as per their records no e-way bill pertaining to the financial year 2020-21 was issued by them and the same could be verified from the e-way bill portal. The Appellant submitted a copy of screenshot of the portal in support of their contention. The Adjudicating Authority passed Order-in-Original dated 16.08.2024 (hereinafter referred to as "the OIO"), confirming demand of IGST amounting to Rs. 36,93,185/- under Section 73 of the CGST Act, 2017. Recovery of interest was ordered by the Adjudicating Authority, and penalty of Rs. 3,69,319/- was also imposed. While confirming the demand, the Adjudicating Authority inter

alia observed that the screenshot as provided by the Appellant pertained to the month of May 2020 only and that as per the GST e-way bill portal, the Appellant had issued 24 e-way bills in the financial year 2020-21, which the Appellant failed to disclose in the GSTR-1 and on which they failed to discharge the due tax liability in GSTR-3B.

5. The Appellant filed an appeal before the Appellate Authority, against the OIO dated 16.08.2024 inter alia on the grounds that:

i. They are not engaged in the supply of goods and they provide job work services only.

ii. The e-way bills as per the details mentioned in the OIO have not been issued by them but were generated by the company receiving the goods after the job work has been done by the Appellant on the goods sent by that company for job work.

iii. They have issued invoices for the same job work which is reflected in their GSTR-1 for the period 2020-21, and the net amount of invoices for job work is Rs. 2,94,512.30 only.

6. The appeal was rejected by the Appellate Authority, vide the Impugned Order.

GROUNDS OF APPEAL

7. The Appellant has now filed the present appeal before this Tribunal against the Impugned Order, on the following grounds:-

a. The Impugned Order-in-Appeal dated 25.11.2025 is contrary to law, facts and the scheme of the CGST Act and is liable to be set aside. The authorities below have erred in treating the value reflected in the e-way bills as the taxable turnover of the Appellant without first establishing that the Appellant effected any outward supply of goods corresponding to such value. The Appellant is engaged exclusively in job work activity and does not undertake independent supply of goods. The ownership of goods remains with the principal manufacturers at all times, and the Appellant merely performs processing operations and raises invoices only for job work charges. The taxable supply in the hands of the Appellant is therefore confined strictly to the consideration for job work services. The Impugned Order proceeds on an incorrect assumption that movement of goods reflected in e-way bills necessarily constitutes supply of goods by the Appellant, which is contrary to the statutory framework governing job work under Section 143 of the CGST Act.

b. The demand under Section 73 has been confirmed solely on the basis of mismatch between GSTR-3B liability and e-way bill data. There is no finding that the Appellant issued tax invoices for supply of goods of the alleged value, nor is there any evidence of receipt of

consideration for such alleged supplies. No investigation has established transfer of title in goods by the Appellant. Portal data, by itself, cannot constitute proof of taxable supply. The authorities have equated consignment value mentioned in e-way bills with taxable turnover without examining invoices, books of account or the true nature of the transactions.

c. The Learned Commissioner (Appeals) has further erred in holding that the burden shifted entirely upon the Appellant once a discrepancy was noticed. Under Section 73, the Department must first establish the existence of a taxable supply and short payment of tax. In the absence of primary evidence demonstrating supply of goods by the Appellant, no presumption could have been drawn merely from e-way bill entries. The burden was wrongly shifted without the foundational requirement being satisfied.

d. The Appellant has consistently maintained that the e-way bills in question pertain to movement of goods belonging to principal manufacturers and not to outward supply of goods by the Appellant. The value reflected in such e-way bills represents the value of goods transported and not the taxable value of job work services. The Appellant duly issued invoices for job work charges and disclosed the same in GSTR-1, with full reconciliation in GSTR-3B. The authorities have not recorded any finding that the job work invoices were incorrect, incomplete, or suppressed. Internal consistency between GSTR-1 and GSTR-3B remains undisputed. The alleged differential demand arises solely from adopting e-way bill value as a surrogate for turnover, which is impermissible in law.

e. The impugned Order-in-Original and Order-in-Appeal have gravely erred in law and on facts in treating the entire value of goods. To illustrate, in respect of Point No. 21 at para 5.6.1 of the Order-in-Original an amount of Rs. 13,48,370/- has been taken as taxable turnover of the Appellant, despite clear documentary evidence establishing that the goods were dispatched by the principal, Shankar Cylinders Pvt. Ltd., under Delivery Challan No. 140/20-21 dated 07.01.2021 expressly marked “Material Dispatch for Job Work Only – Not For Sale Purpose.” The corresponding e-way bill dated 07.01.2021 was generated by the principal with the reason for transportation stated as “Outward – Job Work,” and upon completion of job work, another e-way bill was generated for return movement stating “Inward – Job Work Returns”, with the same value of goods. The Appellant merely received the goods for processing and thereafter issued a GST invoice dated 10.02.2021 for job work charges of Rs. 16,842/- inclusive of IGST of Rs. 2,569/-, which stands duly reflected in GSTR-1 and tax paid through GSTR-3B. The authorities below have failed to appreciate that under Sections 7 and 15 of the CGST Act, taxable supply and valuation are determined by the consideration received for supply, and not by the consignment value of goods belonging to

another person. By mechanically adding the entire value of goods in the hands of the Appellant without establishing transfer of title, consideration, or supply of goods by the Appellant, the Adjudicating Authority has committed a fundamental jurisdictional error. The same factual position applies to the remaining 23 entries relied upon in para 5.6.1, and therefore the entire addition based on e-way bill value is arbitrary, misconceived, and liable to be set aside.

f. The Impugned Order also overlooks the principle of consistency. For Financial Year 2021-22, on identical facts involving alleged mismatch between e-way bill portal data and statutory returns, the Department issued notice under Section 61, examined the Appellant's explanation and supporting records, and accepted the Appellant's reply, recording that no further action was required. The nature of business and reporting methodology remained unchanged. In the absence of distinguishing circumstances, taking a contrary view for the preceding year is arbitrary and inconsistent, against the principle of consistency as well as the rule of finality.

g. The confirmation of interest under Section 50 is consequential and presupposes a legally sustainable tax demand. Since the demand itself is without legal foundation, the levy of interest cannot stand independently. Similarly, imposition of penalty under Section 73 is mechanical and without any finding of suppression, misstatement, or deliberate non-disclosure. The Appellant had disclosed its entire taxable turnover in its statutory returns and maintained regular books of account. In the absence of legally established short payment, penalty is unwarranted.

h. The impugned Order-in-Appeal, instead of independently examining the legal issue whether e-way bill value can be treated as taxable turnover of a job worker, has merely affirmed the conclusions of the Adjudicating Authority. The core contention of the Appellant that movement of goods belonging to the principal does not amount to supply of goods by the job worker, has not been addressed with proper legal analysis.

ADDITIONAL SUBMISSIONS

8. The Appellant has also made and filed additional submissions, explaining the nature of their transactions relating to job work as under:

(i) In rebuttal to Para 5.6.1 and 5.6.2 of the Order-in-Original dated 17.02.2025, the Appellant has submitted that at para 5.6.1 of the Order-in-Original, the Adjudicating Authority has observed that upon verification of the GST e-way bill portal, the noticee had issued 24 e-way bills in FY 2020-21, and has relied upon tabulated portal data. At para 5.6.2,

it is further alleged that the noticee failed to disclose outward supplies in GSTR-1 and failed to remit tax through GSTR-3B, and that the noticee selectively disclosed information only for May 2020 omitting other months.

(ii) The Appellant has contended that these findings are factually incorrect and legally unsustainable. Taking Point No. 21 of the tabulated entries as a representative illustration, the Appellant has submitted that the underlying transaction clearly demonstrates that the goods valued at Rs. 13,48,370/- originated from the principal, Shankar Cylinders Pvt. Ltd. (GSTIN 03AAXCS5928D1Z2), and were dispatched to the Appellant vide Delivery Challan No. 140/20-21 dated 07.01.2021. The delivery challan expressly states: "MATERIAL DISPATCH FOR JOB WORK ONLY – NOT FOR SALE PURPOSE." The value of Rs. 13,48,370/- mentioned therein represents the value of goods belonging to the principal and not any consideration receivable by the Appellant. Since there was movement of goods from the principal's premises to the Appellant's premises for job work, the principal generated an E-way Bill dated 07.01.2021 with the reason for transportation clearly recorded as "Outward – Job Work", reflecting the same consignment value of Rs. 13,48,370/-. The e-way Bill was generated by the principal and not by the Appellant. The transporter, Shivam Road Lines, issued a consignment note dated 07.01.2021 bearing G.R. No. 7716 evidencing transportation of goods from the principal to the Appellant for job work. After completion of job work, the Appellant issued a GST invoice dated 10.02.2021 to Shankar Cylinders Pvt. Ltd. for job work charges amounting to Rs. 16,842/- inclusive of IGST of Rs. 2,569/-.

(iii) The Appellant has submitted that this amount constitutes the only taxable supply effected by the Appellant in respect of the said transaction. The same was duly reflected in GSTR-1 and the corresponding tax liability was discharged in GSTR-3B. For return movement of processed goods, the principal again generated an e-way bill dated 10.02.2021 reflecting the reason as "Inward – Job Work Returns" and mentioning the same value of Rs. 13,48,370/-, which corresponds to the original consignment value of goods sent for job work. This value does not represent any outward supply by the Appellant; it merely reflects the movement of goods owned by the principal.

(iv) The Appellant has further argued that the Adjudicating Authority has completely erred in treating the consignment value of goods as taxable turnover of the Appellant. There is no finding that the Appellant supplied goods of Rs. 13,48,370/-; there is no tax invoice issued by the Appellant for such value; there is no receipt of consideration for such amount; and there is no transfer of title. The only supply effected by the Appellant is job work service amounting to Rs. 16,842/-, which stands duly declared and taxed. The allegation in para 5.6.2 of the

Order-in-Original that the Appellant failed to disclose outward supplies is therefore misconceived. The Appellant disclosed the entire value of job work services in GSTR-1 and discharged tax accordingly. What has been added by the Department is not undisclosed turnover but the value of goods belonging to another registered person. Movement of goods under delivery challan for job work cannot be equated with supply of goods by the job worker. The observation that the Appellant selectively disclosed data limited to May 2020 is also misplaced. The fundamental issue is not the number of e-way bills but the legal character of the transactions underlying them. In each of the 24 entries relied upon, the factual pattern is identical: goods were dispatched by the principal under delivery challan for job work; e-way bills were generated by the principal/ transporter for transportation; job work was performed by the Appellant; and only job work charges were invoiced and declared. The Department has not demonstrated a single instance where the Appellant supplied goods of the value reflected in the e-way bills. Accordingly, the conclusions drawn in paras 5.6.1 and 5.6.2 are based on a misreading of portal data, failure to examine delivery challans and transporter documents, and a complete misunderstanding of job work transactions. The addition of the entire value of goods in the hands of the Appellant is therefore factually incorrect, legally untenable, and liable to be set aside.

(v) The Appellant has also submitted that for Financial Year 2021-22, the Department issued notice under Section 61 on identical allegations of mismatch between e-way bill portal data and return filings. The Appellant submitted a detailed reply explaining that it is engaged solely in job work activity; that the e-way bills were generated by the consignors/customers for movement of goods belonging to them; and that the taxable liability declared in GSTR-1 fully reconciled with GSTR-3B. The reply enclosed tabulated e-way bill details showing "Generated By" as parties other than the Appellant and demonstrated reconciliation of tax liability (Supply Rs. 24,28,330.00; Total Tax Liability Rs. 4,37,099.40) as declared in both GSTR-1 and GSTR-3B. Additional supporting documents including sale ledger, party ledger and bank statements were also furnished. Upon consideration of the said reply and documents, the Department passed Order in Form GST ASMT-12 dated 29.08.2025, specifically recording that the reply was found to be satisfactory and that no further action was required in the matter. Thus, on identical facts and on the very same issue relating to e-way bill data in the context of job work transactions, the Department accepted the Appellant's explanation for F.Y. 2021–22. The said acceptance assumes significance and is relevant to the present proceedings from the standpoint of principle of consistency as well as the rule of finality in approach and treatment of identical transactions across assessment periods.

DISCUSSION AND FINDINGS

9. We have heard Shri Amit Parsad, Advocate for the Appellant and Shri Veer Singh Meena, Learned AR for the Respondent-CGST Department. We have also examined the legal provisions and perused the case records. The issues for determination before us are as under:

i. Whether the demand of GST amounting to Rs. 36,93,185/- on the value of supply as per E-waybills is payable by the Appellant

ii. If the demand is payable, whether the Appellant is liable to pay interest and penalty.

10. We find that in the present case the Department has issued show cause notice proposing to demand tax from the Appellant on the basis of comparison between the tax liability declared in Form GSTR-1/ GSTR- 3B vis-a-vis tax liability calculated on the basis of e-way bills allegedly generated by the Appellant as per the Portal. It was found that the Appellant had declared the value in their statutory returns which was much less than the value calculated as per e-way bills issued by them. The show cause notice was adjudicated by the Adjudicating Authority, confirming the differential demand based on tax calculated on the value of e-way bills and tax paid as per GSTR-3B returns. The original Adjudicating Authority has recorded in para 5.6.1 of the OIO that there are 24 e-way bills during the period April 2020 to March 2021, which were not declared in the GSTR-1 by the Appellant. He has also recorded in para 5.6.2 of the OIO that the noticee had selectively presented data limited to May 2020 and had not given any details regarding bills issued during the remaining months of the Financial Year 2020-21. The order further records that the notice was prepared on the basis of Directorate General of Analytics and Risk Management ("DGARM") report data and neither the noticee nor their authorised representative appeared for the personal hearing.

11. In the Impugned Order, the Appellate Authority has observed that the Appellant had not taken up their defence before the original authority. The Appellate Authority has further observed that he has gone through the submissions of the Appellant and after going through their submissions, the legal provisions and circular issued by CBIC, he has concluded that the Appellant had issued e-way bills even though they have claimed that no e-way bills were issued by them.

12. To understand how the Ld. Appellate Authority came to the conclusion, it is pertinent to reproduce the findings from his order:

"5.1.5 I find that the provisions relating to the job work are clearly demarcated under Section 143 of the CGST Act, 2017 and Rule 45 of the CGST Rules, 2017, which are reproduced below for reference please:

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The Central Board of Indirect Taxes and Customs vide Circular No.38/12/2018 [F.NO.20/16/03/2017-GST] dated 26.03.2018 has, inter-alia, clarified that:

"8.2 Legal provisions: Section 143 of the CGST Act provides that the principal may send and/or bring back inputs/capital goods for job work without payment of tax, under intimation to the proper officer and subject to the prescribed conditions. Rule 45 of the CGST Rules provides that the inputs, semi-finished goods or capital goods being sent for job work (including that being sent from one job worker to another job worker for further job work or those being sent directly to a job worker) shall be sent under the cover of a challan issued by the principal, containing the details specified in rule 55 of the CGST Rules. This rule has been amended vide notification No. 14/2018-Central tax dated 23.03.2018 to provide that a job worker may endorse the challan issued by the principal. The principal is also required to file FORM GST ITC-04 every quarter stating the said details. Further, as per the provisions contained in rule 138 of the CGST Rules, an e-way bills required to be generated by every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees even in cases where such movement is for reasons other than for supply (e.g. in case of movement for job work). Further, the third proviso to rule 138(1) of the CGST Rules provides that the e-way bill shall be generated either by the principal or by the registered job worker irrespective of the value of the consignment, where goods are sent by a principal located in one State/Union territory to a job worker located in any other State/Union territory.

8.3 As mentioned above, rule 45 of the CGST Rules provides that inputs, semi-finished goods or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including in cases where such goods are sent directly to a job worker. Further, rule 55 of the CGST Rules provides that the consignor may issue a delivery challan containing the prescribed particulars in case of transportation of goods for job work. It may be noted that rule 45 provides for the issuance of a challan by the principal whereas rule 55 provides that the consignor may issue the delivery challan. It is also important to note that as per the provisions contained in rule 138 of the CGST Rules, an e-way bill is required to be generated by every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees even in cases where such movement is for reasons other than

for supply (e.g. in case of movement for job work). The third proviso to rule 138(1) of the CGST Rules provides that the e-way bill shall be generated either by the principal or by the registered job worker irrespective of the value of the consignment, where goods are sent by a principal located in one State/Union territory to a job worker located in any other State/Union territory. It may also be noted that as per Explanation 1 to rule 138(3) of the CGST Rules, where the goods are supplied by an unregistered supplier to a registered recipient, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods. In other words, the e-way bill shall be generated by the principal, wherever required, in case the job worker is unregistered."

From the conjoint reading of these provisions and the clarification issued by the Board, it is apparent that the goods meant for job work are required to be sent to the job worker under the cover of a challan issued by the principal, and it should contain the particulars as prescribed under rule 55 of the CGST Rules, 2017. Further, rule 138 of the CGST Rules provides that an e-way bill is required to be generated by every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees even in cases where such movement is for job work. The third proviso to rule 138(1) of the CGST Rules provides that the e-way bill shall be generated either by the principal or by the registered job worker irrespective of the value of the consignment, where goods are sent by a principal located in one State/Union territory to a job worker located in any other State/Union territory. Moreover, as per Explanation 1 to rule 138(3) of the CGST Rules, where the goods are supplied by an unregistered supplier to a registered recipient, the e-way bill shall be generated by the principal, wherever required, in case the job worker is unregistered.

5.1.6 The appellants have contended that they have undertaken the activity of job work on behalf of the principal manufacturer and have supplied copies of invoices issued by them. However, I find that they have failed to substantiate their contentions as they have failed to submit any copies of work order or the delivery challans issued by the principal manufacturer. Further, they have contended that the e-waybills were issued by the principal manufacturer. However, I find that the provisions of the rule 138 read with the clarification issued by the Board clearly prescribe that the e-way bill shall be generated by the principal only in the case the job worker is unregistered. But the instant case, it is fact on record that the job worker is registered under the provisions of CGST Act. Moreover, from the details of the e-way bill generated as summarized by the adjudicating authority in the impugned order, it is apparent that these details have been extracted from the GSTIN account of the appellant on the portal. Further from these details, it also emerges that the consignor in these cases is the appellant and the consignee is the principal manufacturer since under the column "from"

the name of the appellants & its GSTIN is mentioned and under the column "to" the details of the principal manufacturer and its GSTIN is mentioned. Thus, it is clear that the e-waybills have been issued by the appellants and the contention raised by the appellant to the effect that e-waybills have been issued by the principal manufacturer are contrary to the provisions of law. Thus, the contentions of the appellants are devoid of any merits.

5.1.7 The appellants have further contended that the outward supplies reflected in the GSTR-1 and GSTR-3B are in complete alignment and negates any allegation of underreporting or suppression of turnover. In this regard, I find that this matching of the data only reveals the internal consistency but it does not explain the data reported in the e-waybills.

5.1.8 Thus, I find that mismatch of the data between the liability reported in the statutory returns in comparison to the data extracted from the e-way portal clearly establishes that there has been outward movement of the goods under the appellant's GSTIN. The appellants have failed to rebut the presumption of the department. Further the appellants have failed to substantiate their claim of having done job work by producing tangible and cogent evidences. Therefore, the demand of tax, confirmed by the adjudicating authority is sustainable the same is recoverable from them under the provisions of the Act. I hold accordingly and the question is answered accordingly."

13. From a perusal of the findings recorded in the Impugned Order, it is evident that the Appellate Authority's order fastening liability to pay GST on the Appellant is based on the following findings:

i. The Appellant has failed to substantiate their contentions that they have undertaken the activity of job work on behalf of the principal manufacturer as they have failed to submit any copies of work order or the delivery challans issued by the principal manufacturer.

ii. The e-way bills shall be generated by the principal manufacturer only in cases where the job worker is unregistered. In the instant case the job worker is registered under the provisions of the CGST Act and accordingly they are required to generate e-way bills. Moreover, the details of the e-way bills have been extracted from the GSTIN account of the Appellant on the portal and from these details, it also emerges that the consignor in these cases is the Appellant and the consignee is the principal manufacturer since under the column "from" the name of the Appellant & its GSTIN is mentioned, and under the column "to" the details of the principal manufacturer and its GSTIN is mentioned. Thus, the contention of the Appellant that e-way bills have been issued by the principal manufacturer are contrary to the provisions of law.

iii. Mismatch of the data between the liability reported in the statutory returns in comparison to the data extracted from the e-way portal clearly establishes that there has been outward movement of the goods under the Appellant's GSTIN.

14. We find that the Appellant has submitted documents showing that they are undertaking only job work activities of cutting HR sheets and they have paid GST on job charges as per the provisions of law. The Appellant has claimed that they have followed the provisions of law by issuing invoices for the job work undertaken, and by discharging the liability of GST on the basis of such invoices. As regards issuance of e-way bills, the Appellant has submitted that for the goods sent by the principal manufacturers to the Appellant's premises for job work, the e-way bills were generated by the principal manufacturers and not by the Appellant. Similarly, the e-way bills for receiving the goods back from the Appellant after the job work was completed, were also generated by the principal manufacturers.

15. The Appellant has submitted a table for each of the 24 cases, and has also submitted the following documents to show the trail of documents for one sample case:

i. A Delivery Challan No. 140/20-21 dated 07.01.2021 issued by the principal manufacturer Shankar Cylinders Pvt. Ltd. (GSTIN 03AAXCS5928D1Z2) showing themselves as the sender and the Appellant as the receiver. It mentions the description of goods as "H R Coil MATERIAL DISPATCH FOR JOB WORK ONLY – NOT FOR SALE PURPOSE", the value as "Rs. 13,48,370/-" and the vehicle number as "PB 13BA 0985".

ii. An E-way bill No. 361273622006 dated 07.01.2021 generated by the principal manufacturer Shankar Cylinders Pvt. Ltd giving the GSTIN of supplier as "03AAXCS5928D1Z2 , Shankar Cylinders Pvt. Ltd", the GSTIN of recipient as "04AAECM3856D1ZQ Mittal Cutters and Allied Works P Ltd.", the reason for transportation as "Outward – Job Work," and the vehicle number as " PB13BA0985".

iii. A consignment note dated 07.01.2021 bearing G.R. No. 7716 issued by the transporter Shivam Road Lines, showing transportation of goods from the principal manufacturer to the Appellant and stating the description of goods as "1 HR Coil-Job work only-not for sale", and the vehicle number as "PB13BA-0985".

iv. GST invoice dated 10.02.2021 issued by the Appellant to Shankar Cylinders Pvt. Ltd. for job work charges amounting to Rs. 16,842/- inclusive of IGST of Rs. 2,569/-.

v. An E-way bill No. 321285817432 dated 10.02.2021 generated by the principal manufacturer Shankar Cylinders Pvt. Ltd giving GSTIN of the supplier as

"04AAECM3856D1ZQ Mittal Cutters and Allied Works P Ltd.", the GSTIN of the recipient as "03AAXCS5928D1Z2 Shankar Cylinders Pvt. Ltd", the reason for transportation as "Inward – Job Work Returns", and the vehicle number as "HR55R9315".

16. We observe that the view taken by the Ld. Appellate Authority that an e-way bill has to be generated only by the job worker if he is registered under the GST law, is not correct. As per Rule 138 of the CGST Rules, 2017, e-way bill has to be generated by a registered person who "causes movement of goods" (emphasis supplied), in cases where the value of goods exceeds Rs. 50,000/-. Further, in case of inter-state movement, e-way bill has to be generated irrespective of the value of goods, either by the principal manufacturer or by the registered job worker. Of course, e-way bill cannot be generated by an unregistered person. In our considered view, in case of movement of goods for job work there appears to be no bar to generating e-way bill either by the principal manufacturer or by the job worker, as the phrase "causes movement of goods" provides that flexibility. In any case, it will not make any difference as to who generates the e-way bill so long as the details of the consignor and the consignee are correctly declared.

17. We note that the Appellate Authority has recorded a finding that: *"the e-way bill shall be generated by the principal manufacturer only in cases where the job worker is unregistered, but in the instant case the job worker is registered under the provisions of CGST Act. Moreover, the details of the e-waybills have been extracted from the GSTIN account of the appellant on the portal and from these details, it also emerges that the consignor in these cases is the appellant and the consignee is the principal manufacturer since under the column "from" the name of the appellants & its GSTIN is mentioned and under the column "to" the details of the principal manufacturer and its GSTIN is mentioned and thus the contention of the appellant that e-waybills have been issued by the principal manufacturer are contrary to the provisions of law".*

18. This clearly shows that the Appellate Authority is of the view that e-way bills for movement of goods from the Appellant's premises can be generated by the Appellant only, and they are wrong in stating that e-way bills were generated by the principal manufacturer. While stating the facts regarding details of e-way bills correctly, the Appellate Authority has arrived at the wrong conclusion that the e-way bills were actually generated by the Appellant. This is not factually correct, as is evident from the documents submitted by the Appellant and as discussed herein above. This factually incorrect conclusion has ultimately led the Appellate Authority to reject the contentions of the Appellant. Be that as it may, we observe that in the present case it is of little relevance as to who has generated the e-way bills.

19. Now coming to the merits of the case, the CGST Department has demanded tax as per the show cause notice by considering that the goods covered by the e-way bills were supplied by the Appellant. However, there is no evidence given in the show cause notice to the effect that the goods covered by the e-way bills were supplied by the Appellant, clandestinely or otherwise, and therefore the Appellant is liable for payment of GST. The only ground for demanding tax on the value of the goods covered by the e-way bills is that these were not declared in GSTR-1 and accordingly no duty was paid in GSTR-3B in respect of these goods. The show cause notice was issued on the basis of DGARM report showing the difference in value to the extent of value of goods as per e-way bills. It was not the outcome of any investigation that the goods covered by the e-way bills constituted taxable supply of goods which was liable to GST.

20. On the contrary, it has been clearly established by the Appellant that the e-way bills were generated for movement of goods sent by the principal manufacturer to the Appellant for job work and for receiving back the goods from the Appellant after job work. The documents for the sample case submitted by the Appellant clearly show the trail of movement of goods and confirm the nature of activities undertaken by the Appellant. It is clearly evident that the principal manufacturer had generated the e-way bills for both outward and inward movement of goods for job work. For movement of the goods from the premises of the Appellant, i.e. when the goods were sent back by the Appellant after completing the job work, they were shown on the E-way portal as goods moving from the premises of the Appellant.

21. In any case what is germane to the issue involved in the present case is whether tax can be demanded merely on the basis of e-way bills, in the absence of any other evidence. The show cause notice does not allege any wrongdoing on the part of the Appellant. In fact, in the show cause notice it is expressly stated that the notice was issued on the basis of information received from DGARM as it was observed that there was a difference in tax payable as per e-way bill and as declared and paid in GSTR3B.

CONCLUSION & ORDER

22. We therefore hold that in the absence of any other evidence which clearly establishes evasion / non-payment of tax, there is no legal basis for demanding duty merely on the basis of the value of goods declared in the e-way bills. We therefore allow the appeal and set aside the demand of tax, interest and penalty.

23. The appeal is allowed, and the Impugned Order passed by the Appellate Authority is quashed and set aside.

(Jatinder Pal Singh)

(Pradeep Kumar Goel)

Dated: 30.10.2026