GSTAT

State Bench Agra

Division Bench Court No. Court I

APL/39/AGR/2026

TECHNOCEM SYSTEMS INDIA PRIVATE LIMITED **.....Appellant**

Versus

SHRI PRAKASH YADAV, JOINT COMMISSIONER (IT), UTTAR PRADESH & ORS. **.....Respondent**

Quorum

Hon'ble Ajeet Singh, Member(Judicial)
Hon'ble Vivek Kumar, Member (Technical)

Counsel for Appellant
RISHI KUMAR AGGRAWAL, C.A

Counsel for Respondent
MUKESH KUMAR, D.C./ SR

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. : ZN070401026000212H **Date of order :** 30/10/2026

1.	GSTIN/Temporary ID/UIN - 07AACCT0969Q1ZO	
2.	Appeal Case Reference no. - APL/39/AGR/2026	Date - 31/03/2026
3.	Name of the appellant - TECHNOCEM SYSTEMS INDIA PRIVATE LIMITED , technocem@technocem.com , 9810097367	
4.	Name of the respondant - 1. Shri Prakash Yadav Joint Commissioner(IT) State Tax Headquarters Lucknow , ctithqlu-up@nic.in , 7235002314 2. Shri Prakash Yadav	
5.	Order appealed against -	
	(5.1) Order Type - Enforcement Order	
	(5.2) Ref Number - ZD0907252280758	Date - 23/07/2025

6.	Personal Hearing - 30/10/2026 07/10/2026 15/09/2026 23/07/2026
7.	Status of Order under Appeal - Reject - Order under Appeal is annulled
8.	Order in brief - This second appeal succeeds, order in appeal and order in original, are hereby set aside, consequential demand of penalty is also quashed.
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	As per Separate Document submitted	AGRA Bench

Place :AGRA

Date : 30.10.2026

Signature

AGRA Sandeep Yadav

Designation : Stenographer/Law researcher

Jurisdiction :Agra

ORDER

Per. Ajeet Singh (Judicial Member)

Technocem system India Pvt. Ltd.

Vs

Commissioner State Tax

APL/39/AGR/2026

(Passed on 30th day of October, 2026)

1. Feeling aggrieved by order dated- 23.07.2025, passed by first appellate authority in first appeal no. AD090125016292F/2025, vide which appellant/taxpayer's appeal has been dismissed, this second appeal u/s 112(1) of Central Goods and Services, Act/Uttar Pradesh Goods and Services Tax, Act, 2017 (for short CGST/UPGST, Act), has been preferred by taxpayer herein. For convenience hereinafter in the order appellant and respondent will be addressed as taxpayer and department, respectively.
2. Facts giving rise to the appeal are that taxpayer engaged in the manufacturing and supplying of industrial machinery and equipment items primarily supplied to cement plants and other industrial undertakings across the country. In order to facilitation of business taxpayer is registered in Delhi as well as in Haryana with GSTIN 07AACCT0969Q1ZO and 06AACCT0969Q1ZQ, On an order received from registered firm M/s ACC limited, Karnataka, running business at Madugiri road, Gauridanur, Chikkabalpur, Karnataka GSTIN 9AAACT1507C1ZT, taxpayer supplied manufactured items to ACC limited, with tax invoice 202425047 dated 27.09.2024 e-way bill no. 711464851759 dated 03.10.2024 and tax invoice no. 202425048 dated 03.10.2024 e-way bill no. 751464853249 dated- 03.10.2024. Vehicle in which goods were being transported was HR 73 A 9635. When vehicle was in transit and passing through territory of U.P, it was intercepted at Agra on 07.10.2024 at around 12:40 P.M at Raibha toll plaza, Agra. On verification, no discrepancy regarding name of goods invoices e-way bill and quantity was came to fore. However, it was found that goods were dispatched through interstate stock transfer of taxpayer firm from Haryana unit and in connection thereof tax invoice for interstate transfer of goods was issued on 04.10.2024. Learned proper officer who intercepted the truck was of the view that where goods were dispatched on 03.10.2024, how invoice from the Haryana registration to Delhi registration can be generated on a subsequent day 04.10.2024 and according to proper officer it is contravention of section 129 of CGST/UPGST, Act and after issuing SCN, Rs. 7,75,240/- were imposed on taxpayer as penalty.
3. Felling aggrieved by that order in original, taxpayer preferred appeal u/s 107 of CGST, Act to first appeal authority but same was dismissed, by upholding the findings recorded by proper officer, hence present appeal before Appellate Tribunal by virtue of section 112(1) of CGST/UPGST, Act.

4. Learned counsel appeared for taxpayer has submitted that orders passed by both the authorities below are not sustainable in law and therefore, appeal be allowed and O.I.A as well as O.I.O along with demand of penalty be set aside.
5. On the contrario sensu, learned authorized representative appearing for department has supported the findings recorded by first appellate authority and submitted for dismissal of appeal.
6. Learned authorized representatives have been heard, record perused and questions before this tribunal for answer may be stated thus-

   i)Whether state tax authorities of U.P acting purely in a transit state in a transaction originating in Delhi/Haryana and destined for Karnataka possesses penal judication u/s 129 of CGST, Act to seize goods and levy penalties when no tax liabilities or tax evasion arises within Uttar Pradesh?

   ii)Whether a minor timeline mismatch in backend inter unit stock transfer invoices amounts to a contravention of section 129 and justifying 200% penalty when the movement was duly covered by required documents?

FINDINGS WITH REASONS

7. So far, legal question framed as point no. (i) is concerned, it is not in dispute that origin state of the said transaction of goods was either Delhi or Haryana and destination state was Karnataka. Uttar Pradesh is a transit state simpliciter. No tax event is about to happened in transit state of U.P where movement was duly covered with papers required in law. Recently, in a landmark judgement rendered by High Court of Allahabad M/s Maruti enterprises vs State of U.P, 2026- VIL- 515-All. It is held that under GST frame work a transit state has a limited power of inspection and verification of goods but can not exercise penal jurisdiction u/s 129 of CGST/SGST, Act. When the supply originates outside the transit state and is destined outside it. No tax incidence either under CGST/SGST or IGST accrues to or is payable in U.P for an interstate consignment. It is further held that verification of goods in transit and imposition of tax/penalty are two distinct powers. Where goods are merely passing through a state with no tax implication arising therein, authorities of such state can not invoke powers conferred on them by virtue of section 129. It is further held that if transit state officer notices a potential document deficiency or cross unit anomaly such officer may point out the same and intimate to jurisdictional GST authorities either to origin state or destination state. Hon'ble High court has also held in that judgement that seizing of goods and imposing penal demands by an officer of transit state violates the constitutional guarantee for trade and commerce enshrined in article 301 of constitution of India. In view of this discussion, we answer the question no. (i) in negative and against the department.
8. Now we come to the question no. (ii), as noticed earlier the goods in question were moving under valid tax invoices and e-way bills issued for the supply to M/s ACC limited, Karnataka, the date difference between the outward dispatched documents 03.10.2024 and internal stock transfer invoice 04.10.2024 is a revenue neutral inter branch accounting sequence mismatch, while section 129 CGST/UPGST, Act is intended to tackle deliberate tax evasion during transit that is untaxed/unaccounted goods, fake bills and not for technical invoice dating irregularities between two distinct registration of the same business

entity. Thus, to avoid unnecessary burdening the judgement, we answer the question no. (ii) in negative and against the department.

9. In the result, this second appeal succeeds, order in appeal dated-07.2025 and order in original dated 08.10.2024, are hereby set aside, consequential demand of penalty is also quashed.
10. If any penalty amount or security deposited collected form the taxpayer during the proceedings shall be refunded along with interest as per law.
11. There is no pending interim application in the appeal.
12. Order is pronounced in open court on this day of 30th of October, 2026.
13. Copy of order be communicated to all concerned, as per rules.

(Ajeet Singh)

(Vivek Kumar)

Dated: 30.10.2026