GSTAT

State Bench Agra

Division Bench Court No. Court I

APL/60/AGR/2026

RAM KUMAR YADAV **.....Appellant**

Versus

SAROJ ANAND KHATTAR (MEERA TRADING COMPANY), PROPRIETOR, GROUND FLOOR 1791/C/54 WARD NO 42 MADHU VATSALYA CO-OP HOUSING SOCIETY OM SAI NAGAR KALAMANA NAGPUR NAGPUR MAHARASHTRA 440017 **.....Respondent**

Quorum

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

Counsel for Appellant
SH. MUKESH KUMAR, AUTHORIZED REPRESENTATIVE

Counsel for Respondent

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. : ZA090401026000218H **Date of order :** 30/10/2026

1.	GSTIN/Temporary ID/UIN - 092400042534TMP	
2.	Appeal Case Reference no. - APL/60/AGR/2026	Date - 15/04/2026
3.	Name of the appellant - Ram Kumar Yadav , ram.331976@gov.in , 9453246372	
4.	Name of the respondant - 1. SAROJ ANAND KHATTAR (Meera Trading Company) , BGST2016@GMAIL.COM , 7972136392	
5.	Order appealed against - AD091124073717V	
	(5.1) Order Type - Enforcement Order	
	(5.2) Ref Number - ZD0912240898520	Date - 09/12/2024

6.	Personal Hearing - 30/10/2026 08/10/2026 16/09/2026 30/07/2026
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed
8.	Order in brief - This second appeal filed by state tax department before GSTAT lacks merits on both facts and law. Therefore, order passed by first appellate authority quashing the penalty u/s 129(3) is sound, logical and aligned with the settled principle of tax jurisprudence.
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	00	AGRA BENCH

Place :AGRA

Date : 30.10.2026

Signature

AGRA Sandeep Yadav

Designation : Stenographer/Law researcher

Jurisdiction :Agra

ORDER

Per. Ajeet Singh (Judicial Member)

Commissioner State Tax (through- Ram Kumar Yadav, Assistant Commissioner)

Vs

Meera Trading Company

APL/60/AGR/2026

(Passed on 30th day of October, 2026)

1. Being dissatisfied by order dated 09.12.2024 passed by first appellate authority in first appeal no. AD091124073717V/15-11-2024, whereby order of adjudicating officer dated 14.11.2024, and consequential amount of penalty has been set aside, this second appeal u/s 112(1) of Central Goods and Services Tax Act/ Uttar Pradesh Goods and Services Tax, Act, 2017(for short CGST/UPGST, Act), has been preferred by U.P, state tax department. For shake of convenience hereinafter in the order appellant and respondent will be addressed as department and taxpayer, respectively.
2. Facts giving rise to the appeal are in brief that Meera Trading Company, OM Sai Nagar, Kalamana, Nagpur, Maharashtra, registered under GST law with GSTIN 092400042534TMP, had dispatched the goods named Arecanuts (Supari) to another registered firm Girraj Supari Traders LLP, Mathura (U.P), GSTIN 09ADPFS3892L1Z2. When goods were in transit in vehicle no. MP 22 H 1239, state tax officer of U.P intercepted the vehicle near Beegha khet toll plaza, Lalitpur (U.P) on12.11.2024.
3. On being asked driver of the vehicle produced billty no. 245 dated 11.11.2024 issued by Sanskar Roadways, Nagpur. Tax invoice no. 24-25/nov/001 dated- 11.11.2024 with e-way bill no. 261856870461 dated- 11.11.2024 *Tol Kanta Prachi* dated- 11.11.2024. on being verification, it was revealed that tax invoice no. 001 dated 14.09.2024, and another tax invoice no. 002, 003 dated 15.10.2024 have been issued which are not in sequentially in number as per rule 46(b) of CGST Rules, 2017. In this way learned proper officer assumed it in contravention of rule 46(b) and accordingly detained the vehicle and goods loaded therein by issuing form GST mov-06 dated 13.11.2024. After performing necessary formalities of SCN, learned proper officer had imposed penalty u/s 129(3) of CGST/UPGST, Act, in the tune of Rs.6,65,028/-. Such amount of penalty was deposited by taxpayer under protest and got released vehicle and goods loaded therein.
4. Taxpayer preferred first appeal u/s 107 of CGST/UPGST, Act before first appellate authority. After hearing of both sides learned first appellate authority has allowed the appeal and set aside the order passed by proper officer and consequential demand of penalty. Learned first appellate authority has recorded that issuing unsequential invoices would be mere bonafide human error. Where there is no intention of evade tax or other substantial discrepancy would have found. It has further held that for non-compliance of rules 46(b) at the most general penalty u/s 125 of CGST/UPGST, Act can be imposed.

5. Being aggrieved by the findings recorded by learned first appellate authority, on the direction of state tax commissioner, present appeal has been filed by Ramkumar Yadav, Assistant Commissioner, State tax department. Learned departmental representative representing the department before the tribunal has submitted that order in appeal is not sustainable in law and thus second appeal be allowed and order of first appellate authority be set aside.
6. On the other hand, learned counsel appearing for taxpayer has submitted for dismissal of appeal.
7. We have heard learned authorized representatives of both the parties and perused the record uploaded on portal, question for determination may be stated thus-

> Whether non consecutive issuance of a tax invoice during transit verification warrants detention/seizure and penalty u/s 129(3) of CGST Act or it is a mere technical or venial breach attracting general penalty u/s 125 of CGST Act, at the most?

FINDINGS WITH REASON

8. In view of rival contentions of the parties to *lis*, the dispute in the matter revolves around non compliance of rule 46(b) strictly. Needless to state that at the time of verification in transit no other discrepancy like mismatching, lacking of necessary papers and non-payment of tax was not detected. It is also not in dispute that genuine interstate movement of arecanuts between two registered dealers backed by valid documents such as e-way bill, tax invoice and consignment note etc. quantity and description of goods was also found matched perfectly. Only allegation was that invoice was not issued consecutively as per rule 46(b) of CGST rule, 2017 and accordingly proper officer invoked section 129(3) and imposed heavy penalty of Rs. 6,65,028/-. Learned first appellate authority rightly quashed the penalty by holding it to be a bonafied human error, revenue neutral and noted that section 129 is not meant for technical invoice numbering lapses. We are also in fully agreement with the learned first appellate authority as section 129 applies only when transport occurs “in contravention of the provisions of CGST/UPGST Act, and rules made there under.
9. It is further suffice to say by us that our jurisdictional High court and Hon’ble Supreme Court have consistently held that section 129 is intended to penalize tax evaders, clandestine removal and movement of goods without proper documentation. Thus, when e-way bill, quantity and goods match seamlessly and the transaction is fully recorded in the books of accounts of both registered entities. There would be no intention to evade tax or mens rea on the part of supplier and even recipient. A clerical or sequential error in invoice numbering is a technical irregularity and does not transform a legitimate transaction into and illegal or untaxed transit movement. As rightly observed by the first appellate authority the transaction in question was completely revenue neutral. Both the supplier and recipient are registered taxable persons. No allegation from prosecution side that transaction was not accounted in regular statutory returns.
10. Further, in our opinion jurisprudence under indirect tax laws dictates that venial and technical breaches of statutory regulations should not be visited with severe financial penalties unless a substantive contravention or loss of revenue is established by state authorities. Learned first appellate authority has also correctly recorded that if at all the department wished to penalize a technical infraction of rule 46 the appropriate recourse would be invoking section 125 of CGST Act, rather than invoking section 129

detention and seizure of the goods. Even under section 125 the imposition requires establishing deliberate noncompliance which is even absent here. Apart from above, we would like to mention here that UP tax authorities has no jurisdiction to adjudicate a matter for violation of rule 46(b) by a registered supplier firm which is registered in the state of Maharashtra.

11. In view of discussion of facts of the case and applying the laws applicable thereto, second appeal filed by state tax department before GSTAT lacks merits on both facts and law. Therefore, order passed by first appellate authority quashing the penalty u/s 129(3) is sound, logical and aligned with the settled principle of tax jurisprudence.
12. Consequently, appeal is dismissed as found devoid of merit, order of first appellate authority which is under challenge is upheld. In the circumstances no order as to cost.
13. There is no pending interim application in the appeal.
14. Order is pronounced in open court on this day of 30th of October, 2026.
15. Copy of order be communicated to all concerned, as per rules.

(Ajeet Singh)

(Vivek Kumar)

Dated: 30.10.2026