GSTAT

State Bench Agra

Court No. Court I

APL/175/AGR/2026

VIJAY BAHADUR **.....Appellant**

Versus

M/S MAHAVEER PIPE STORE, PARTNER, F-215 KAMLA NAGAR AGRA UPAGR 282004 **.....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
SH. SUBHASH CHANDRA GUPTA, ADV.

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 : Yes

Order reference no. : ZA090401026000214H **Date of order :** 30/10/2026

1.	GSTIN/Temporary ID/UIN - 09AACFM9863B1Z5	
2.	Appeal Case Reference no. - APL/175/AGR/2026	Date - 17/04/2026
3.	Name of the appellant - vijay Bahadur , vijayharshbahadur@gmail.com , 7235003644	
4.	Name of the respondant - 1. M/S MAHAVEER PIPE STORE , bimleshagra2016@googlemail.com , 9758649175	
5.	Order appealed against - AD091122035119D	
	(5.1) Order Type - Demand Order	
	(5.2) Ref Number - ZD0902230994438	Date - 24/02/2023
6.	Personal Hearing - 30/10/2026 06/10/2026 19/08/2026 12/08/2026 05/08/2026 04/06/2026	

7.	Order in brief - In view of the foregoing discussion and findings, we hold that the adjudication order and the impugned appellate order suffer from material deficiencies in the examination and appreciation of the evidence and do not contain an adequate entry-wise analysis of the alleged suppressed outward supplies. Accordingly, the departmental appeal is partly allowed to the extent indicated above. The impugned order passed by the First Appellate Authority and the underlying adjudication order are hereby set aside, and the matter is remanded to the adjudicating authority for fresh adjudication in accordance with law and in the light of the directions contained in this order.

Summary of Order

8.	If demand order then whether demand quantified: No

9.	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		ADD COMM GRADE 2 APPEAL-1 AGRA	AGRA, BENCH
10.	If remanded with directions:		
	a) Remanded to: Adjudicating Authority		
	b) Directions subject to which remanded, if any: In view of the foregoing discussion and findings, we hold that the adjudication order and the impugned appellate order suffer from material deficiencies in the examination and appreciation of the evidence and do not contain an adequate entry-wise analysis of the alleged suppressed outward supplies. Accordingly, the departmental appeal is partly allowed to the extent indicated above. The impugned order passed by the First Appellate Authority and the underlying adjudication order are hereby set aside, and the matter is remanded to the adjudicating authority for fresh adjudication in accordance with law and in the light of the directions contained in this order.		

Place :AGRA

Signature

Date : 30.10.2026

AGRA Sandeep Yadav

Designation : Stenographer/Law researcher

Jurisdiction :Agra

ORDER

Per. Vivek Kumar (Technical Member)

Commissioner State Tax (U.P) (Through- Vijay Bhadur, Deputy Commissioner)

Vs

Mahaveer Pipe Store, Kamla Nagar, Agra.

APL/175/AGR/2026

(Passed on 30th day of October, 2026)

1. The present appeal has been preferred by the Commissioner, Commercial Tax, Uttar Pradesh, through Shri Vijay Bahadur, Deputy Commissioner, State Tax, Sector-2, Agra, against the order passed by the learned Additional Commissioner, Grade-II (Appeal-I), Agra, in Appeal No. 756/2022, dated 23.02.2023.

For the sake of convenience, the appellant shall hereinafter in the order be referred to as the Revenue, and the respondent shall be referred to as the taxpayer.

2. The brief facts of the case are that an inspection of the business premises of the taxpayer was conducted by the Special Investigation Branch (SIB) on 07.08.2018, during which three diaries were seized.
3. On the basis of the entries recorded in the said diaries, the adjudicating authority treated transactions aggregating to Rs. 34,71,068 as unaccounted outward supplies and determined the same as suppressed turnover. Accordingly, tax amounting to Rs. 5,83,608.24 and an equivalent penalty of Rs. 5,83,608.24 were imposed upon the taxpayer.
4. Aggrieved by the adjudication order, the taxpayer preferred an appeal before the learned Additional Commissioner, Grade-II (Appeal-I), State Tax, Agra, registered as Appeal No. 756/2022. Vide the impugned appellate order dated 23.02.2023, the learned First Appellate Authority partly allowed the taxpayer's appeal. The suppressed turnover was reduced to Rs. 95,734, and the corresponding tax of Rs. 17,232 and an equivalent penalty of Rs. 17,232 were sustained. Consequently, substantial relief was granted to the taxpayer by reducing the disputed liability.
5. Being aggrieved by the aforesaid order of the First Appellate Authority, the Revenue Department has preferred the present second appeal before this Tribunal.
6. Shri Mukesh Kumar, learned departmental representative, appearing for Revenue, reiterated the grounds of appeal and submitted that the impugned order passed by the First Appellate Authority suffers from errors of fact and law.
7. It was contended that the First Appellate Authority had erroneously accepted the explanation furnished by the taxpayer with respect to 85 B2B tax invoices produced at the appellate stage. According to the departmental representative, these invoices had not been produced before the SIB during the initial

investigation and, therefore, their subsequent production was an afterthought intended to explain away the entries recorded in the seized diaries.

8. It was further submitted that the entries in the diaries indicated the unaccounted sale of 76 hand pumps, whereas the First Appellate Authority accepted the taxpayer's explanation only in respect of 36 hand pumps. The departmental representative argued that the explanation regarding rough calculations and other expenses had also been accepted without proper verification.
9. It was also contended that the regular books of account were not found at the business premises during the investigation, which, according to the Revenue, supported the inference of suppressed sales. The First Appellate Authority had allegedly committed an error in relying upon documents produced at the appellate stage, although such documents had not been placed before the adjudicating authority.
10. On these grounds, the learned departmental representative prayed that the impugned appellate order be set aside and the adjudication order be restored.
11. Shri Satish Chandra Gupta and Shri Anurag Gupta, learned counsel appearing on behalf of the taxpayer, filed a paragraph-wise reply to the departmental appeal and opposed the submissions made by the Revenue.
12. They submitted that the First Appellate Authority had passed the impugned order after considering the relevant facts, documentary evidence and submissions of the parties. According to them, the departmental appeal is misconceived, devoid of merit and contrary to the material available on record as well as the applicable legal position.
13. With regard to the 85 B2B tax invoices, it was argued that the allegation of their being an afterthought is contrary to the record. The invoices relate to business-to-business transactions which were duly declared in the taxpayer's GSTR-1 returns, and the corresponding tax liability was accepted. Therefore, the mere fact that the invoices were not produced during the initial investigation could not, by itself, justify treating the corresponding turnover as suppressed.
14. The learned counsel further disputed the Revenue's calculation of 76 hand pumps and submitted that the computation was erroneous. It was argued that, after copies of the documents seized by the SIB were made available, the entries in the diaries were duly reconciled with the taxpayer's regular books of account. The First Appellate Authority had correctly appreciated the nature of the entries and their correlation with the available records.
15. Accordingly, the learned counsel prayed that the departmental appeal be dismissed and the order of the First Appellate Authority be upheld.
16. We have heard the learned departmental representative and the learned counsel for the taxpayer and have carefully examined the material available on record.
17. The principal issue for determination is whether the entries recorded in the three seized diaries establish suppressed outward supplies and whether the reduction of the alleged suppressed turnover by the First Appellate Authority is supported by a proper examination of the relevant entries, books of account and returns filed by the taxpayer.
18. The connected issue is whether the orders passed by the adjudicating authority and the First Appellate Authority contain adequate findings and a reasoned analysis to sustain the conclusions recorded therein.
19. The controversy in the present case essentially relates to the interpretation and verification of entries recorded in the three diaries seized during the inspection conducted by the SIB on 07.08.2018 and the

determination of whether such entries represent unaccounted outward supplies.

20. The material question is not merely whether certain entries were found recorded in the seized diaries, but whether those entries, upon proper examination and correlation with the other relevant records, establish taxable supplies that were not duly accounted for or disclosed by the taxpayer.
21. A finding of suppressed turnover must be founded upon a clear identification and examination of the relevant transactions and supporting material. The nature of each disputed entry, its connection with a supply of goods, its reconciliation with the regular books of account and its disclosure in the statutory returns are material considerations requiring appropriate findings. An inference of suppression cannot be sustained merely on the basis of an aggregate figure without a demonstrable factual basis for its computation.
22. On examination of the record and the reasoning contained in the orders of the subordinate authorities, we find that the adjudicating authority has not adequately identified the specific entries in the seized diaries which were treated as evidence of suppressed outward supplies. Neither the show-cause notice nor the adjudication order contains a sufficiently clear entry-wise analysis demonstrating how the alleged suppressed turnover of Rs. 34,71,068 was arrived at.
23. In particular, the adjudication order does not clearly disclose the basis on which the alleged unaccounted sale of 76 hand pumps was quantified. It does not adequately specify the entries relied upon, the manner in which those entries were interpreted as sales, or the basis on which the taxpayer's explanation concerning rough calculations, expenses and other entries was rejected.
24. Similarly, the order does not adequately explain how the disputed entries were reconciled with the regular books of account or why particular entries were considered unaccounted transactions. The absence of regular books of account at the business premises during the investigation may be a relevant circumstance for examination, but such circumstance, by itself, does not dispense with the requirement of establishing the alleged suppressed turnover through an appropriate analysis of the available evidence.
25. The Revenue has specifically challenged the acceptance of 85 B2B tax invoices by the First Appellate Authority on the ground that these invoices were produced only at the appellate stage. This contention requires examination with reference to the relevant documentary evidence and statutory returns.
26. The mere non-production of invoices during the initial investigation does not, by itself, conclusively establish that the transactions covered by them represent suppressed turnover. At the same time, the subsequent production of invoices and the taxpayer's assertion that the transactions were declared in GSTR-1 cannot be accepted as conclusive without verification.
27. The adjudicating authority must examine whether the invoices correspond to the entries recorded in the diaries, whether the underlying transactions are supported by the relevant records, whether the corresponding turnover was duly disclosed in GSTR-1 and whether the applicable tax liability was appropriately reported and discharged, including the relevant particulars in GSTR-3B, wherever applicable.
28. If a transaction is found to have already been duly accounted for and its taxable turnover and corresponding tax liability have been appropriately disclosed and discharged, the authority must determine, on the basis of the applicable law and the facts of the case, whether any further demand in respect of that very transaction is legally sustainable. Conversely, if an entry represents an independent taxable supply which was not duly accounted for or disclosed, the authority must record a specific

finding supported by the relevant evidence.

29. The allegation that the 85 invoices constitute an afterthought, therefore, cannot be conclusively accepted or rejected without verification of the invoices, the corresponding diary entries and the relevant returns and books of account.
30. We further find that the First Appellate Authority has also not undertaken the requisite detailed examination while reducing the alleged suppressed turnover to Rs. 95,734 and sustaining tax of Rs. 17,232 with an equivalent penalty.
31. The appellate order does not adequately identify the particular entries which were found unverifiable and treated as suppressed outward supplies. It also fails to provide a clear computation demonstrating how the reduced turnover of Rs. 95,734 was determined. The reasoning by which the explanation concerning 36 hand pumps was accepted, while the remaining disputed entries were dealt with differently, has not been set out with sufficient clarity.
32. Likewise, the appellate order does not identify the specific bills, cash memos or other documents considered to relate to unaccounted sales. Nor does it clearly establish whether the turnover represented by such documents had already been disclosed in the taxpayer's returns or whether the corresponding tax liability had been discharged.
33. In the absence of such findings, it is not possible to determine whether the reduction granted by the First Appellate Authority is based on a proper reconciliation of the seized material with the taxpayer's records or whether the amount sustained as suppressed turnover has been correctly quantified.
34. We are, therefore, of the considered view that neither the adjudication order nor the impugned appellate order contains a sufficiently comprehensive and reasoned analysis of the material questions involved in the dispute.
35. A quasi-judicial order determining tax liability must disclose the material considered, the reasoning adopted and the basis on which the conclusions have been reached. Where the determination depends upon entries in seized documents, the authority is required to identify the relevant entries, explain their significance and record findings on the taxpayer's explanation with reference to the supporting evidence. A conclusion unsupported by such an analysis cannot be sustained merely because it has been recorded by an adjudicating or appellate authority.
36. In the present case, the deficiencies identified above go to the root of the determination of suppressed turnover. Consequently, the dispute cannot appropriately be resolved by simply restoring the original demand or by affirming the reduced demand sustained by the First Appellate Authority.
37. In these circumstances, we consider it appropriate to remand the matter to the adjudicating authority for fresh examination and determination in accordance with law.
38. Upon remand, the adjudicating authority shall undertake a fresh and comprehensive examination of the matter and shall, in particular:

    i) Examine the seized diaries entry-wise: Identify each relevant entry relied upon for determining suppressed outward supplies and record a clear finding as to whether the entry represents an actual supply of goods, a rough calculation, an expense, a duplicate entry or some other transaction.

    ii) Verify the alleged sale of hand pumps: Specify the entries forming the basis of the alleged sale of 76 hand pumps and examine the taxpayer's explanation concerning the number and nature of the transactions. The conclusion shall be supported by a clear computation and relevant documentary

evidence.

iii. Reconcile the entries with the books of account: Examine the relevant entries in the regular books of account and record whether each disputed transaction is duly accounted for. Where an entry is not accepted as reconciled, the reasons for such conclusion shall be specifically recorded.

iv) Verify the 85 B2B tax invoices: Examine the invoices produced by the taxpayer and determine their correlation with the entries in the seized diaries. Their disclosure in GSTR-1 and the corresponding reporting and discharge of tax liability, including the relevant GSTR-3B particulars wherever applicable, shall be verified from the available records.

v) Examine bills and cash memos: Identify the specific bills, cash memos or other documents, if any, relied upon as evidence of suppressed sales and determine whether the corresponding transactions were accounted for and disclosed in the statutory returns.

vi) Determine the actual suppressed turnover: After the aforesaid verification, quantify only such turnover as is established to represent taxable outward supplies not duly accounted for or disclosed, in accordance with the applicable statutory provisions. The computation shall be transparent, transaction-specific and supported by the relevant material.

vii. Provide an effective opportunity of hearing: Consider the taxpayer's explanation and supporting documentary evidence and afford a reasonable opportunity of being heard before passing the fresh order.

viii. Pass a speaking order: Record clear findings on the material issues, the evidence relied upon, the explanations accepted or rejected, the computation of taxable turnover and the consequential tax and penalty liability, strictly in accordance with law.

39- These directions are intended to ensure a proper determination of the dispute on its merits. They shall not be construed as a conclusive finding either that the alleged suppressed turnover stands established or that the taxpayer's explanation must necessarily be accepted.

40. In view of the foregoing discussion and findings, we hold that the adjudication order and the impugned appellate order suffer from material deficiencies in the examination and appreciation of the evidence and do not contain an adequate entry-wise analysis of the alleged suppressed outward supplies. Accordingly, the departmental appeal is partly allowed to the extent indicated above. The impugned order passed by the First Appellate Authority and the underlying adjudication order are hereby set aside, and the matter is remanded to the adjudicating authority for fresh adjudication in accordance with law and in the light of the directions contained in this order.

41. The appeal stands disposed of accordingly. No interim application is pending in this appeal.

42. Order pronounced in open court on this 30th day of October 2026.

43. Order be communicated to all concerned, as per rules.

(Ajeet Singh)

(Vivek Kumar)

Dated: 30.10.2026