

IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

**WRIT PETITION NOs: 541, 1756, 3097, 3225, 3227, 3252, 3254, 3258 and
3354 of 2026****W.P.No.541 of 2026****Between:**

1. GOLDEN TRADERS, 17/691 A, MUTHOORE, CHANGARAMKULAM, NORTH END, ANILATHMAJA HOUSING SOCIETY, MALAPPURAM, KERALA, 679585, REPRESENTED BY ITS PARTNER SHRI. BIJEESH P V, C/O. MOHANAN, AGED ABOUT 40 YEARS, R/O. PONNANI, MALLAPURAM, KERALA- 679585
2. M/S FM TRADING, 16/952,953, CHANGARAMKULAM NARANIPUZHA ROAD, CHANGARAMKULAM JUNCTION, ALANKOD, MALAPPURAM, KERALA, 679585, REPRESENTED BY ITS PARTNER SHRI. MOHANAN P V, AGED ABOUT 60 YEARS, R/O. PATTERNIVALAPPI, KANHIYUR, MOOKUTHALA, MALAPPURAM, KERALA, 679574
3. SRI P ABDUL ASKAR, DRIVER OF THE VEHICLE S/O P HAMZA, AGED ABOUT 48 YEARS, R/O PANKUZHI VEEDU HOUSE, EDAPPALAM POST, PATTAMBI, PALAKKAD, KERALA-679308 DL NO KL5219980000314 VEHICLE NUMBER KA07B4979

...PETITIONER(S)**AND**

- \$1. THE DEPUTY ASSISTANT COMMISSIONER OF STATE TAX, C/O THE ASSISTANT COMMISSIONER OF STATE TAX, GUNTAKAL CIRCLE, ANANTHAPURAMU DIVISION, ANANTHAPURAMU, ANDHRA PRADESH- 515801
2. STATE OF ANDHRA PRADESH, REPRESENTED BY ITS PRINCIPAL SECRETARY, REVENUE DEPARTMENT, COMMERCIAL TAXES A P SECRETARIAT, VELEGAPUDI - 522 503

...RESPONDENT(S):

Date of Judgment pronounced on : 01-03-2026

THE HONOURABLE SRI JUSTICE R RAGHUNANDAN RAO

THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR

1. Whether Reporters of Local newspapers : Yes/No
May be allowed to see the judgments?
2. Whether the copies of judgment may be marked : Yes/No
to Law Reporters/Journals:
3. Whether the Lordship wishes to see the fair copy : Yes/No
of the Judgment?

***IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI**

*** THE HONOURABLE SRI JUSTICE R RAGHUNANDAN RAO**

***THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR**

+ WRIT PETITION NOs: 541, 1756, 3097, 3225, 3227, 3252, 3254, 3258 and 3354 of 2026

% Dated: 01-04-2026

Between:

1. GOLDEN TRADERS, 17/691 A, MUTHOORE, CHANGARAMKULAM, NORTH END, ANILATHMAJA HOUSING SOCIETY, MALAPPURAM, KERALA, 679585, REPRESENTED BY ITS PARTNER SHRI. BIJEESH P V, C/O. MOHANAN, AGED ABOUT 40 YEARS, R/O. PONNANI, MALLAPURAM, KERALA- 679585
2. M/S FM TRADING, 16/952,953, CHANGARAMKULAM NARANIPUZHA ROAD, CHANGARAMKULAM JUNCTION, ALANKOD, MALAPPURAM, KERALA, 679585, REPRESENTED BY ITS PARTNER SHRI. MOHANAN P V , AGED ABOUT 60 YEARS, R/O. PATTARIVALAPPI, KANHIYUR, MOOKUTHALA, MALAPPURAM, KERALA, 679574
3. SRI P ABDUL ASKAR, DRIVER OF THE VEHICLE S/O P HAMZA, AGED ABOUT 48 YEARS, R/O PANKUZHI VEEDU HOUSE, EDAPPALAM POST, PATTAMBI, PALAKKAD, KERALA-679308 DL NO KL5219980000314 VEHICLE NUMBER KA07B4979

...PETITIONER(S)

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1. THE DEPUTY ASSISTANT COMMISSIONER OF STATE TAX, C/O THE ASSISTANT COMMISSIONER OF STATE TAX, GUNTAKAL CIRCLE, ANANTHAPURAMU DIVISION, ANANTHAPURAMU, ANDHRA PRADESH- 515801
2. STATE OF ANDHRA PRADESH, REPRESENTED BY ITS PRINCIPAL SECRETARY, REVENUE DEPARTMENT,

COMMERCIAL TAXES A P SECRETARIAT, VELEGAPUDI - 522 503

...RESPONDENT(S):

! Counsel for the Petitioner

:Sri P. Girish Kumar, Sri V. Raghuraman, Sri M.V.J.K. Kumar, Sri Pasupuleti Venkata Prasad, learned counsel for the petitioner and Sri Sameer Gupta, learned counsel appearing on behalf of Sri Akula Vamsi Krishna, learned counsel for the petitioner. and

^Counsel for Respondents

: Sri R. Kalyan Chakravarthy, learned Government Pleader for Commercial Taxes

<GIST :

>HEAD NOTE:

? Cases referred:

¹ 2024 (16) CENTAX 509 (MAD)² 2020 (34) G.S.T.L. 142³ 2020 (38) GSTL 317⁴ 2025 (12) TMI 941⁵ 2024 (84) GSTL 181 (All.)

APHC010004772026



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3529]

WEDNESDAY, THE FIRST DAY OF APRIL
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE SRI JUSTICE R RAGHUNANDAN RAO

THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR

**WRIT PETITION NOs: 541, 1756, 3097, 3225, 3227, 3252, 3254, 3258 and
3354 of 2026**

W.P.No.541 of 2026

Between:

1. GOLDEN TRADERS, 17/691 A, MUTHOORE, CHANGARAMKULAM, NORTH END, ANILATHMAJA HOUSING SOCIETY, MALAPPURAM, KERALA, 679585, REPRESENTED BY ITS PARTNER SHRI. BIJEESH P V, C/O. MOHANAN, AGED ABOUT 40 YEARS, R/O. PONNANI, MALLAPURAM, KERALA- 679585
2. M/S FM TRADING, 16/952,953, CHANGARAMKULAM NARANIPUZHA ROAD, CHANGARAMKULAM JUNCTION, ALANKOD, MALAPPURAM, KERALA, 679585, REPRESENTED BY ITS PARTNER SHRI. MOHANAN P V, AGED ABOUT 60 YEARS, R/O. PATTERNIVALAPPI, KANHIYUR, MOOKUTHALA, MALAPPURAM, KERALA, 679574
3. SRI P ABDUL ASKAR, DRIVER OF THE VEHICLE S/O P HAMZA, AGED ABOUT 48 YEARS, R/O PANKUZHI VEEDU HOUSE, EDAPPALAM POST, PATTAMBI, PALAKKAD, KERALA-679308 DL NO KL5219980000314 VEHICLE NUMBER KA07B4979

...PETITIONER(S)

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1. THE DEPUTY ASSISTANT COMMISSIONER OF STATE TAX, C/O THE ASSISTANT COMMISSIONER OF STATE TAX, GUNTAKAL CIRCLE, ANANTHAPURAMU DIVISION, ANANTHAPURAMU, ANDHRA PRADESH- 515801
2. STATE OF ANDHRA PRADESH, REPRESENTED BY ITS PRINCIPAL SECRETARY, REVENUE DEPARTMENT, COMMERCIAL TAXES A P SECRETARIAT, VELEGAPUDI - 522 503

...RESPONDENT(S):

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to Pleased to issue an appropriate writ, order or direction, more particularly a Writ of Mandamus, setting-aside the impugned order in Form GST MOV-11 bearing Reference No. DIN3730122552633 dated 30-12-2025, passed by Respondent No.1 under the provisions of the CGST/APGST Act, 2017, as being void, arbitrary, illegal, without jurisdiction and without authority of law, apart from being violative of Articles 14 19(1)(g) and 265 of the Constitution of India, and consequently direct Respondent No.1 to forthwith release the detained goods and conveyance, without insisting on any fine, penalty or security, and to pass

IA NO: 1 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased pleased to direct release of the conveyance, there being no independent allegation or notice against the vehicle owner and pass

IA NO: 2 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased Pleased to direct immediate release of the goods under detention, considering that the goods are perishable agricultural produce, and continued detention would result in irreversible loss. deterioration in quality, and destruction of commercial value, and pass

IA NO: 3 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased

pleased to stay operation of the impugned order in Form GST DRC 07 bearing Ref. No. ZD371025006307R dated 13.10.2025 and pass

Counsel for the Petitioner(S):

1.PASUPULETI VENKATA PRASAD

Counsel for the Respondent(S):

1.GP FOR COMMERCIAL TAX

Date of Reserved :16.02.2026

Date of Pronouncement :01.04.2026

Date of Upload :01.04.2026

The Court made the following common order:

(per Hon'ble Sri Justice R.Raghunandan Rao)

As all these Writ Petitions raise a similar question of law, they are being disposed of, by way of this common order.

2. Heard Sri P. Girish Kumar, Sri V. Raghuraman, Sri M.V.J.K. Kumar, Sri Pasupuleti Venkata Prasad, learned counsel for the petitioner and Sri Sameer Gupta, learned counsel appearing on behalf of Sri Akula Vamsi Krishna, learned counsel for the petitioner and Sri R. Kalyan Chakravarthy, learned Government Pleader for Commercial Taxes appearing for the respondents.

3. In all these cases, the officers, appointed under the APGST Act, at various check posts, in the State of Andhra Pradesh, had intercepted consignments, moving in the course of interstate trade from a point of origin, which is outside the State of Andhra Pradesh, to a destination, which is also outside the State of Andhra Pradesh. After such interception, proceedings have been initiated, initially under Section 129 of the GST Act and in some cases, these proceedings were continued under Section 130 of the GST Act.

4. The details of point of origin of the goods, the destination of goods, the dates on which these consignments were intercepted and detained/seized/confiscated and the details relating to the provisions of the GST Act which were invoked are contained in the table set out below:

| S I. N o. | W.P Number | Petitioner Name | Origin of Goods | Destination of Goods | Dates of consignments intercepted and detained/ ceased/ confiscated | Provisions of GST Act under which the goods seized | Reason for detention |
|-----------|-----------------|----------------------|-----------------|----------------------|---|--|------------------------------|
| 1 | WP 541 of 2026 | GOLDEN TRADERS | Kerala | Delhi | Date of Interception - 18/12/2025 Date of order of Confiscation 30/12/2025 | Section 130 | Valuation and Quantification |
| 2 | WP 1756 of 2026 | M/S T.M. ENTERPRISES | Karnataka | Maharashtra | Date of Interception - 17/12/2025 Date of order of Confiscation 02/01/2026 | Section 130 | Valuation and Quantification |
| 3 | WP 3097 of 2026 | AL BADAR SPICES | Kerala | Maharashtra | Date of Interception - 02/01/2026 Date of order of Confiscation 06/01/2026 | Sections 129 and 130 | Valuation |
| 4 | WP 3225 of 2026 | M/S R.G TRADERS | Kerala | Maharashtra (Nagpur) | Date of Interception - 12/01/2026 Date of order of Confiscation 21/01/2026 | Section 130 | Valuation |

| | | | | | | | |
|---|--------------------|-----------------------|---------------|-------------------------|---|----------------|-----------|
| 5 | WP 3227 of 2026 | M/S. SHIVA TRADERS | Kerala | Maharashtra (Nagpur) | Date of Interception - 12/01/2026 Date of order of Confiscation 19/01/2026 | Section 129 | Valuation |
| 6 | WP 3252 of 2026 | IQBAL DEEN | Karnat aka | Delhi | Date of Interception - 16/11/2025 Date of order of Confiscation 10/12/2025 Date of Appeal Order - 23/01/2026 | Section 130 | Valuation |
| 7 | WP 3254 of 2026 | B J KUMAR | Karnat aka | Delhi | Date of Interception - 18/11/2025 Date of order of Confiscation 10/12/2025 Date of Appeal Order 23/01/2026 | Section 130 | Valuation |

| | | | | | | | |
|---|-----------------|---------------------------|-----------|-------|--|-------------|------------------------------------|
| 8 | WP 3258 of 2026 | MR. SURESH KUMAR | Karnataka | Delhi | Date of Interception - 18/11/2025 Date of order of Confiscation 01/12/2025 Date of Appeal Order 23/01/2026 | Section 130 | Valuation |
| 9 | WP 3354 of 2026 | M/S. SREEKRISHN A TRADERS | Karnataka | Delhi | Date of Interception - 06/11/2025 Date of order of Confiscation 14/12/2025 | Section 130 | Absence of invoices and EWAY bills |

5. In all these cases, it is an admitted fact, that the said goods were accompanied by all the necessary documents, set out under Section 68 of the GST Act, 2017, except in W.P.No.3258 of 2026. However, the goods were intercepted and proceedings, under Section 129 or 130 of the GST Act, were initiated and continued, on the ground that the goods were grossly undervalued or on the ground that the goods do not match the description set out in the accompanying documents, or on the ground that the quantum of goods intercepted, was far higher than the quantum set out in the accompanying documents.

6. The contentions raised by the petitioners, in all the aforesaid cases are primarily twofold. Firstly, the State authorities in the State of Andhra Pradesh, have no jurisdiction, to initiate proceedings under Section 129 or section 130, in relation to movement of goods under the IGST Act and secondly, the question of valuation etc., cannot be taken up under Section 129 or 130

7. The first issue that comes up before this Court is whether the officers appointed under the APGST act, can exercise any power under Section 129 or 130 of the APGST Act or CGST Act for intercepting, detaining or confiscating goods, whose movement, falls under the ambit of the IGST Act.

8. Section 129 deals with detention/seizure and release of goods and conveyances in transit. The officer who can detain or seize goods, under this provision is an officer designated and authorized as a "proper officer". Section 130 deals with confiscation of goods or conveyances and levy of penalty. Section 130(2) r/w Section 130(6) and 130(7) makes it clear that the officer who can pass an order of confiscation of goods or conveyances and also levy of penalty is only the "proper officer". The term "proper officer" is defined, in Section 2(91), of the APGST Act, in the following terms:

"Section 2. Definitions:-

(91) "proper officer" in relation to any function to be performed under this Act, means the Chief Commissioner or the officer of the State tax who is assigned that function by the Chief Commissioner;"

9. Any officer, assigned a function by the Chief Commissioner, would be a proper officer in relation to such function. This would also mean that a proper officer, assigned by the Chief Commissioner, under the APGST Act, would have jurisdiction to perform the function, assigned to him, only in terms of the APGST Act. Assignment of function, by the Chief Commissioner, under the APGST Act, would not empower such an officer to act under either the CGST Act or under the IGST Act. However, section 6 of the CGST Act, as well as Section 4 of the IGST Act, provides for cross empowerment to an officer appointed under the APGST Act, to act as a “proper officer” under the CGST Act also. These provisions are extracted below:

Section 6. Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances.

(1) Without prejudice to the provisions of this Act, the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

(2) Subject to the conditions specified in the notification issued under sub-section (1),--

(a) where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;

(b) where a proper officer under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act shall not lie before an officer appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.

Section 4. Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances.

Without prejudice to the provisions of this Act, the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are authorised to be the proper officers for the purposes of this Act, subject to such exceptions and conditions as the Government shall, on the recommendations of the Council, by notification, specify.

10. For a comprehensive view on this issue, it is also necessary to extract, Section 6 of the APGST Act, which reads as follows:

Section 6. Authorization of officers of central tax as proper officer in certain circumstances

(1) Without prejudice to the provisions of this Act, the officers appointed under the Central Goods and Services Tax Act, 2017 are authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

(2) Subject to the conditions specified in the notification issued under sub-section (1),-

(a) where any proper officer issues an order under this Act, he shall also issue an order under the Central Goods and Services Tax Act, 2017 as authorised by the said Act under intimation to the jurisdictional officer of central tax; (Act No.12 of 2017).

(b) where a proper officer under the Central Goods and Services Tax Act, 2017 has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter. (Act No.12 of 2017).

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer

appointed under this Act, shall not lie before an officer appointed under the Central Goods and Services Tax Act, 2017. (Act No.12 of 2017).

11. The respondents seek to interpret this provision to mean that an officer, appointed under the APGST Act, can function as “proper officer” under the CGST Act or IGST Act, and his functioning as “proper officer” can be subjected to such restrictions, that the Central Government, on the recommendations of the council, by notification, may specify. The interpretation, of the petitioners, is that, no officer, appointed under the APGST Act, can perform the functions of a “proper officer” under the CGST Act or the IGST Act, unless a notification is issued by the Central Government, setting out the functions that can be performed by an officer appointed under the APGST Act and the conditions, subject to which the State Officer is to function.

12. The learned Counsel for the petitioners sought to rely upon the notifications, circulars and clarifications, issued by the Central Board, to contend that even the Central Board had understood, that section 6 of the CGST and APGST Acts, do not cross empower officers and such cross empowerment has to be conferred by separate notifications. The learned Government Pleader has pointed out to the subsequent clarifications issued, by the authorities, to the effect that no further notifications are necessary, to cross empower officers. This court cannot interpret a provision of law, on the basis of the understanding of the executive and as such this court is not

basing its interpretation, of the above provisions, on the understanding of the GST Council.

13. A plain reading of these provisions, as interpreted by the respondents, would be that any officer, appointed under any Act, is empowered to function as a “proper officer” under any other Act, without any limitation on his power or jurisdiction, unless such limitations are placed by way of notifications. Under this interpretation, an officer, appointed under the CGST Act, or the IGST Act, cannot perform the function of a proper officer under the CGST Act, or the IGST Act, unless he is assigned such a function by the Commissioner in Board. However, an officer, appointed under the APGST Act, can perform the function of “proper officer”, under the CGST Act or the IGST Act, in relation to any tax payer, in the State, without any authorization from either the Commissioner in Board, under the Central Act or the Chief Commissioner of the State. Such an interpretation, which confers such unfettered discretion on a State officer, under the Central Act, is clearly not permissible. The scheme, of the GST Acts, does not support this interpretation.

14. The GST regime introduced a new concept of taxation, in terms of the lists contained in Schedule VII of the Constitution of India. Prior to the introduction of the GST regime, the power to tax, barring certain duties like stamp duty, was granted, either under the Union List or the State list, exclusively to the States or the Union. However, the GST regime created a

system of simultaneous taxation, wherein both the Union and the States are taxing the same transactions of supply of goods or services or both. The introduction of this system required an amendment to the Constitution. This amendment introduced Articles 246A and 269A, which read as follows:

246A. Special provision with respect to goods and services tax —

(1) Notwithstanding anything contained in articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.

(2) Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

Explanation.—The provisions of this article, shall, in respect of goods and services tax referred to in clause (5) of article 279A, take effect from the date recommended by the Goods and Services Tax Council

269A. Levy and collection of goods and services tax in course of inter-State trade or commerce.—

(1) Goods and services tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

Explanation.—For the purposes of this clause, supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter- State trade or commerce.

(2) The amount apportioned to a State under clause (1) shall not form part of the Consolidated Fund of India.

(3) Where an amount collected as tax levied under clause (1) has been used for payment of the tax levied by a State under article 246A, such amount shall not form part of the Consolidated Fund of India.

(4) Where an amount collected as tax levied by a State under article 246A has been used for payment of the tax levied under clause (1), such amount shall not form part of the Consolidated Fund of the State.

(5) Parliament may, by law, formulate the principles for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

15. While Article 246A (1) conferred power on the State legislature, to legislate, on taxation of intra state supply of goods and services, Article 246A (2) and Article 269A, conferred exclusive power, to tax interstate supply of goods and services, including import and export supplies, on Parliament. Thus, while both, the state legislatures and Parliament, could simultaneously legislate on taxing supply of goods and services, Parliament alone could tax interstate supply of goods and services. One of the reasons for conferment of such exclusive power is Article 286, of the Constitution, which restricts the power of State legislatures to impose taxes on the sale or purchase of goods, in the course of import or export of goods, out of India.

16. Under this new system of simultaneous taxation, the following Acts came to be legislated: the Central Goods and Services Tax Act 2017; the respective State Goods and Services Tax Acts, 2017; and the Integrated Goods and Services Tax Act, 2017. In addition to these Acts, The Union Territory Goods and Services Act, 2017 for Union Territories and The Goods and Services Tax (Compensation to States) Act, 2017, to cover certain contingencies, were brought into force.

17. Under the GST scheme, a tax payer became liable to pay tax, on the same supply, under the APGST, CGST and IGST Acts. The Tax levied by under the CGST and IGST, by the Central Government, was to be collected

by the officers, appointed under the Central Tax Act. Similarly, the Tax levied by the State Government was to be collected by the officers, appointed under the State Tax Act. However, there was a problem in this architecture. There was a danger of conflicting orders being passed by a Central officer and the State officer, in relation to the same supplies. Apart from this, the compliance burden on the tax payers would be doubled as the tax payer would have to maintain two sets of documents, accounts etc, and file returns, in relation to the same supplies. In order to relieve this complication, a scheme of cross empowerment was introduced. Under this method, a tax payer would be, allotted, administratively, to either the Centre or the State and the officers, appointed under the appropriate Act, would function as the “proper officer” for that tax payer. However, such an officer, appointed under the Central Act would be empowered, only in relation to the proceedings, in the Central Act, and would not be able to take up any proceedings under the State Act and vice versa. This difficulty was cleared, by a system of cross empowerment, by empowering such an officer to function as the proper officer under both Acts. This principle would apply to the IGST Act also.

18. At the stage of operationalizing these Acts, the GST council laid down some guidelines, as to the allocation of the tax payers, to the Central or State authorities, in the 9th and 21st meetings held on 16.01.2017 and 09.09.2017. These guidelines were circulated as circular No.01/2017, stating thus:

Circular No.01/2017

F.No.166/Cross Empowerment/GSTC/2017
Office of the Goods & Services Tax Council
5th Floor. Tower-II, Jeevan Bharti Building.
Connaught Place, New Delhi

Dated: 20 September, 2017

To,

All Chief Secretaries of the States/UTs with Legislature/Chairperson, CBEC;
All Finance Secretaries/CCTs of the States/UTs with Legislature; All Principal Chief
Commissioners/ Chief Commissioners/Principal Commissioners/Commissioners of
Central Tax (through Member, GST, CBEC).

Sir/Madam,

Subject: Guidelines for division of taxpayer base between the Centre and States
to ensure Single Interface under GST-regarding

Based on the decisions taken in the 9th Meeting of the GST Council held on 16
January, 2017 and 21 Meeting of the GST Council held on 9 September, 2017, the
following criteria should be followed for the division of taxpayer base between the Centre
and the States to ensure single interface:

i. Of the total number of taxpayers below Rs. 1.5 crore turnover, all administrative
control over 90% of the taxpayers shall vest with the State tax administration and 10%
with the Central tax administration;

ii. In respect of the total number of taxpayers above Rs. 1.5 crore turnover, all
administrative control shall be divided equally in the ratio of 50% each for the Central
and the State tax administration;

iii. The division of taxpayers in each State shall be done by computer at the State
level based on stratified random sampling and could also take into account the
geographical location and type of the taxpayers, as may be mutually agreed;

2. Further, the broad guidelines for the purposes of computation of "Turnover" as approved by the GST Implementation Committee in its meeting held on 31 August and 1 September 2017 and subsequently by the GST Council in its 21st Meeting held on 9 September 2017 are as follows:

i. For taxpayers registered only under VAT, the total annual State turnover under VAT (including inter-State sales, exports and exempt goods) shall be taken as the basis for division;

ii. For taxpayers registered under both VAT and Central Excise, the annual State turnover under VAT shall be taken as the basis for division as State-level Central Excise turnover is already included in it;

iii. For taxpayers registered only under Central Excise (and not under VAT), the total annual turnover declared in Central Excise returns shall be taken as the basis for division;

iv. For taxpayers registered only under Service Tax in a State on a stand-alone basis, the annual turnover of the Services declared in the Service Tax returns shall be taken as the basis for division;

v. For taxpayers registered only under Service Tax having centralized registration, the annual all-India turnover of the Services declared in the Service Tax returns shall be taken as the basis for division.

vi. For taxpayers registered under both VAT and Service Tax, the total non-overlapping turnover (total of VAT and Service Tax, excluding any turnover which is included in both) shall be calculated and used as the basis for division. The Service Tax turnover shall be on the basis of clauses (iv) and (v) as the case may be.

3. The State Level Committees comprising Chief Commissioner/Commissioner Commercial Taxes of respective States and jurisdictional Central Tax Chief Commissioners/Commissioners are already in place for effective coordination between the Centre and the States. The said Committees may now take necessary steps for division of taxpayers in each State keeping in view the principles stated above.

Supplementary decisions, if any, may be taken by the said Committees to implement the decision of the GST Council, keeping in view the broad principles stated hereinabove.

4. Suitable notifications regarding cross-empowerment of State and Central Tax officers under CGST/IGST and SGST Acts respectively are being issued separately.

Yours faithfully.

Shashank Binya
(Shashank Priya) 20/9/20
Joint Secretary, GST Council

19. All the tax payers, registered under all the above Acts have been allotted, to either the Centre or the State. Viewed from this angle, the question of whether a taxpayer was allocated to the Centre or to the State would become relevant. Where a taxpayer has been allotted to a State, let us say, Andhra Pradesh, Section 6 of the CGST Act, would cross empower the State officer, assigned the function of a “proper officer” under the APGST Act, in relation to a tax payer, would act as the “proper officer” under the CGST Act also, in relation to that tax payer. Similarly, a state officer, appointed under the APGST Act, in Andhra Pradesh, would be empowered to act as a proper officer, under the IGST Act, for that tax payer.

20. It would also be necessary to place a note of caution. This interpretation of Section 6 (1) of the GST Acts, would not mean that the State authorities lose jurisdiction, in relation to the APGST Act, when the tax payer is allotted to the administrative jurisdiction of the Centre. In fact, Section 6 (2) and 6 (3) which read as follows, clarify the situation:

Section 6. Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances.

(1)

(2) Subject to the conditions specified in the notification issued under sub-section (1),--

(a) where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;

(b) where a proper officer under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act shall not lie before an officer appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.

21. The Hon'ble Supreme Court, while considering the ambit of Section 6 (2), in **Armour Security (India) Ltd. v. Commr. (CGST), (2025) 145 GSTR 385 : 2025 SCC OnLine SC 1700** had held as follows:

92. Clause (a) of sub-section (2) of section 6 of the CGST Act stipulates that where any proper officer issues an order under the CGST Act, he must issue an order under the SGST Act or the UTGST Act in order to intimate the jurisdictional officer of the State tax or Union territory tax. The provision reads thus:

“6(2) Subject to the conditions specified in the notification issued under sub-section (1),—

(a) where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;”

93. In construing section 6(2)(a), it is imperative to have due regard to the legislative intent permeating the GST enactments. Section 6, in particular, advances the objective of establishing a unified national market for goods and services and to prevent taxpayers from the undue hardship of being subjected to the rigours of multiple jurisdictions.

94. The provision serves a twofold purpose : first, to insulate taxpayers from the prospect of being proceeded against by more than one authority for the same subject-matter; and secondly, to vest in the officers functioning under the CGST Act, the SGST Act, or the UTGST Act, to render a comprehensive order, thereby avoiding multiplicity of proceedings. Such a construction is also in consonance with the well-recognized principle of comity between jurisdictions, which mandates that coordinate authorities must act with mutual respect and due regard for each other's domain, so as to preclude the possibility of conflicting determinations on the same issue.

95. To give effect to the above intent, section 6(2)(a) is couched in terms that are both enabling and mandatory. It confers upon, and simultaneously obliges, the proper officer to issue a corresponding order under the SGST Act or the UTGST Act in cases where an order is being issued under the CGST Act. The expression “order”, qualified by the terms “under this Act”, occurring in the said provision admits of a broad construction, so as to include every form of order which a proper officer is competent to issue by virtue of the authority vested in them under the statute. Such an interpretation is necessary to ensure that the statutory mandate achieves its intended purpose of avoiding multiplicity of proceedings and securing uniformity of adjudication across the parallel enactments.

96. Inasmuch as the CGST Act vests the proper officer with authority to issue “orders” under various provisions, it becomes imperative that such officer duly apprises the jurisdictional counterpart of any action initiated by the Department in relation to a taxable person who may otherwise fall within the administrative domain of that officer. Given that the statutory framework envisages a regime of cross-empowerment amongst officers, the obligation so cast operates as a safeguard against the prejudice which may arise from the initiation of parallel or overlapping proceedings against the same taxpayer by different wings of the Department.

22. The Hon’ble High Court at Madras, in **TVL Vardhan Infrastructure vs. Special Secretary**¹ had considered the issue of cross empowerment and had held that:

61. Thus, Section 6(1) of the respective GST Enactments empowers Government to issue notification on the recommendation of GST Council for cross-empowerment. However, no notification has been issued except under Section 6(1) of the respective GST Enactments for the purpose of refund although officers from the Central GST and State GST are proper officers under the respective GST Enactments.

62. Since, no notifications have been issued for cross-empowerment with advise of GST Council, except for the purpose of refund of tax under Chapter-XI of the respective GST Enactments r/w Chapter X of the respective GST Rules, impugned proceedings are to be held without jurisdiction. Consequently, the impugned proceedings are liable to be interfered in these writ petitions.

¹2024 (16) CENTAX 509 (MAD)

63. Thus, if an assessee has been assigned administratively with the Central Authorities, pursuant to the decision taken by the GST Council as notified by Circular No. 01/2017 bearing Reference F. No. 166/Cross Empowerment/GSTC/2017 dated 20.09.2017, the State Authorities have no jurisdiction to interfere with the assessment proceedings in absence of a corresponding Notification under Section 6 of the respective GST Enactments.

64. Similarly, if an assessee has been assigned to the State Authorities, pursuant to the decision taken by the GST Council as notified by Circular No. 01/2017 bearing Reference F. No. 166/Cross Empowerment/GSTC/2017 dated 20.09.2017, the officers of the Central GST cannot interfere although they may have such intelligence regarding the alleged violation of the Acts and Rules by an assessee.

65. The manner in which the provisions have been designed are to ensure that there is no cross interference by the counterparts. Only exception provided is under Section 6 of the respective GST enactment. Therefore, in absence of a notification for cross-empowerment, the action taken by the respondents are without jurisdiction. Officers under the State or Central Tax Administration as the case may be cannot usurp the power of investigation or adjudication of an assessee who is not assigned to them.

66. Therefore, the proceedings initiated by the respondents so far against the respective petitioners by the Authorities other than the Authority to whom they have been assigned to are to be held as without jurisdiction. Therefore, the impugned proceedings warrant interference.

23. With due respect to the Hon'ble High Court at Madras, we would hold that:

An officer, appointed under the APGST Act, is not automatically cross empowered to exercise any function, under the CGST Act or the IGST Act, unless the tax payer against whom any action is proposed had been administratively allotted to the State of Andhra Pradesh and the said officer has been appointed as the proper officer, in relation to such a tax payer. The same principle would apply vice versa to officers appointed under the CGST or IGST Acts.

24. Since, the main issue, in the present case, is the jurisdiction of officers, to exercise power under section 129 and 130, it would be necessary, to consider, whether the above principles would govern, Section 129 and 130 also. Section 129 and Section 130 read as follows:

129. Detention, Seizure and release of goods and conveyances in transit-

(1) Notwithstanding anything contained in this Act, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyances shall be liable to detention or seizure and after detention or seizure, shall be released:-

(a) on payment of the applicable tax and penalty equal to one hundred per cent of the tax payable on such goods and, in case of

exempted goods, on payment of an amount equal to two per cent of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such tax and penalty;

(b) on payment of the applicable tax and penalty equal to the fifty per cent of the value of the goods reduced by the tax amount paid thereon and, in case of exempted goods, on payment of an amount equal to five per cent of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such tax and penalty;

(c) upon furnishing a security equivalent to the amount payable under clause (a) or clause (b) in such form and manner as may be prescribed:

Provided that no such goods or conveyance shall be detained or seized without serving an order of detention or seizure on the person transporting the goods.

(2) The provisions of sub-section (6) of section 67 shall, mutatis mutandis, apply for detention and seizure of goods and conveyances.

(3) The proper officer detaining or seizing goods or conveyances shall issue a notice specifying the tax and penalty payable and thereafter, pass an order for payment of tax and penalty under clause (a) or clause (b) or clause (c).

(4) No tax, interest or penalty shall be determined under sub-section (3), without giving the person concerned an opportunity of being heard.

(5) On payment of amount referred in sub-section (1), all proceedings in respect of the notice specified in sub-section (3), shall be deemed to be concluded.

(6) Where the person transporting any goods or the owner of the goods fails to pay the amount of tax and penalty as provided in sub-

section (1) within fourteen days of such detention or seizure, further proceedings shall be initiated in accordance with the provisions of section 130:

Provided that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of seven days may be reduced by the proper officer.

Section 130. Confiscation of goods or conveyances and levy of penalty.

(1) Where any person---

(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(ii) does not account for any goods on which he is liable to pay tax under this Act; or

(iii) supplies any goods liable to tax under this Act without having applied for registration; or

(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance, then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122.

(2) Whenever confiscation of any goods or conveyance is authorised by this Act, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit:

Provided that such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon:

Provided further that the aggregate of such fine and penalty leviable shall not be less than the penalty equal to hundred per cent of the tax payable on such goods:

Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon.

(4) No order for confiscation of goods or conveyance or for imposition of penalty shall be issued without giving the person an opportunity of being heard.

(5) Where any goods or conveyance are confiscated under this Act, the title of such goods or conveyance shall thereupon vest in the Government.

(6) The proper officer adjudging confiscation shall take and hold possession of the things confiscated and every officer of Police, on the requisition of such proper officer, shall assist him in taking and holding such possession.

(7) The proper officer may, after satisfying himself that the confiscated goods or conveyance are not required in any other proceedings under this Act and after giving reasonable time not exceeding three months to pay fine in lieu of confiscation, dispose of such goods or conveyance and deposit the sale proceeds thereof with the Government.

25. Under Section 129, or Section 130, it is the “proper officer, who has to detain, seize or release the goods and conveyances in transit or confiscate the same. Here a proper officer would be the officer to whom the

Commissioner, under the APGST Act, had assigned such function. By the very nature of the ambit of section 129 and section 130, “the proper officer” would be an officer who has been assigned a general function to check goods under transit. Such an officer would not be confined to certain tax payers only and would have jurisdiction to check all or any vehicle or conveyance, transiting the area assigned to him. Further, an officer assigned functions under Section 129 would also be assigned functions under Section 130 also, as these provisions are complementary and are intertwined.

26. In such a situation, the cross empowerment, under Section 6 of the CGST Act and Section 4 of the IGST Act, would be sufficient to hold that a State officer, appointed as a “proper officer” under the APGST Act, can discharge all the functions of a “proper officer” under Section 129 and 130, for the purposes of the CGST Act. We are of the opinion that different factors operate, in the case of the IGST Act.

27. The IGST Act was enacted to collect GST on inter-state supply of goods and services. The taxes paid under this Act, are to be shared, according to Section 17 of the IGST Act, in the following manner:

17. Apportionment of tax and settlement of funds.—

(1) Out of the integrated tax paid to the Central Government,—

(a) in respect of inter-State supply of goods or services or both to an unregistered person or to a registered person paying tax under section 10 of the Central Goods and Services Tax Act;

(b) in respect of inter-State supply of goods or services or both where the registered person is not eligible for input tax credit;

(c) in respect of inter-State supply of goods or services or both made in a financial year to a registered person, where he does not avail of the input tax credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was made;

(d) in respect of import of goods or services or both by an unregistered person or by a registered person paying tax under section 10 of the Central Goods and Services Tax Act;

(e) in respect of import of goods or services or both where the registered person is not eligible for input tax credit;

(f) in respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was received, the amount of tax calculated at the rate equivalent to the central tax on similar intra-State supply shall be apportioned to the Central Government.

(2) The balance amount of integrated tax remaining in the integrated tax account in respect of the supply for which an apportionment to the Central Government has been done under sub-section (1) shall be apportioned to the,—

(a) State where such supply takes place; and

(b) Central Government where such supply takes place in a Union territory: Provided that where the place of such supply made by any taxable person cannot be determined separately, the said balance amount shall be apportioned to,—

—

(a) each of the States; and

(b) Central Government in relation to Union territories, in proportion to the total supplies made by such taxable person to each of such States or Union territories, as the case may be, in a financial year:

Provided further that where the taxable person making such supplies is not identifiable, the said balance amount shall be apportioned to all States and the Central Government in proportion to the amount collected as State tax or, as the case may be, Union territory tax, by the respective State or, as the case may be, by the Central Government during the immediately preceding financial year.

[(2A) The amount not apportioned under sub-section (1) and sub-section (2) may, for the time being, on the recommendations of the Council, be apportioned at the rate of fifty per cent. to the Central Government and fifty per cent. to the State Governments or the Union territories, as the case may be, on ad hoc basis and shall be adjusted against the amount apportioned under the said sub-sections.]

(3) The provisions of sub-sections (1) and (2) relating to apportionment of integrated tax shall, mutatis mutandis, apply to the apportionment of interest, penalty and compounding amount realised in connection with the tax so apportioned.

(4) Where an amount has been apportioned to the Central Government or a State Government under sub-section (1) or sub-section (2) or sub-section (3), the amount collected as integrated tax shall stand reduced by an amount equal to the amount so apportioned and the Central Government shall transfer to the central tax account or Union territory tax account, an amount equal to the respective amounts apportioned to the Central Government and shall transfer to the State tax account of the respective States an amount

equal to the amount apportioned to that State, in such manner and within such time as may be prescribed.

(5) Any integrated tax apportioned to a State or, as the case may be, to the Central Government on account of a Union territory, if subsequently found to be refundable to any person and refunded to such person, shall be reduced from the amount to be apportioned under this section, to such State, or Central Government on account of such Union territory, in such manner and within such time as may be prescribed.

28. The purpose of Section 129 and 130, is to ensure compliance of the provisions of the GST Acts and for checking evasion of tax. In the normal course, evasion of tax, on intra state sales, would result in non payment of taxes, which are rightfully due to that State and the Union. Thus, the State or Central authority, assigned the functions of a “proper officer”, would be recovering the penalty and other sums demanded, under these provisions, as the rightful dues of that State and the Union. In the case of IGST, no part of the taxes are due, to any intermediary state, through which the goods are passing. In such a situation, can the intermediary state, under Section 129 or 130, levy and collect penalties or fines?

29. An illustration is necessary, to understand this situation. There is an inter-state supply of goods, commencing from State A to State C. These goods have to move through State B, to reach State C from State A. The State officer, of State B, exercising powers under Section 129 or 130, seizes

and subsequently confiscates the goods moving through State B and auctions the same or the owner of the goods pays a penalty or fine and gets his goods released. In such a case, State B is collecting penalties and fines or appropriating the sale price of the goods, in relation to transactions which are not taxable in State B. It may also be noted that there is no provision, under the GST Acts, for reimbursing the State share of penalty and/or fine, falling to State A or State C, collected by State B. Thus, amounts rightfully due to State A or State C are being appropriated, by State B. It is our view that Section 129 or 130 cannot be pressed to vindicate such appropriation.

30. Even if it is held that the State officer of State B, is cross empowered to undertake such a function, various high courts have gone into the question of whether, such an officer is empowered to go into questions of value etc., and held to the contrary. The Hon'ble High Court of Kerala in **Alfa Group Vs. The Assistant State Tax Officer, State Goods and Service Tax Department & Ors.**², the Hon'ble High Court of Chhattisgarh in **K.P. Sugandh Ltd. & Others Vs. State of Chhatisgarh & Ors.**³ the Hon'ble High Court of Gujarat in **Panchi Traders Vs. State of Gujarat**⁴ and the Hon'ble High Court of Allahabad in **shambhu Saran Agarwal & Company Vs. Additional Commissioner Grade.**⁵ had held that such power is not available to an officer under Section 129 or 130 of the GST Acts.

² 2020 (34) G.S.T.L. 142

³ 2020 (38) GSTL 317

⁴ 2025 (12) TMI 941

⁵ 2024 (84) GSTL 181 (All.)

31. The Hon'ble High Court of Chhatisgarh, in **K.P. Sugandh Ltd. & Others Vs. State of Chhatisgarh & Ors**, approving the judgment of the Hon'ble High Court of Kerala in **Alfa Group Vs. The Assistant State Tax Officer, State Goods and Service Tax Department & Ors.**, had held as follows:

10. Merely because the manufacturer sells his products to its customer or dealer at a price lower than the MRP, as such cannot be a ground on which the product or the vehicle could be seized or detained. If at all if this, according to the respondents, is contrary to the law, the authorities are supposed to draw an appropriate proceeding under the law. If at all what the State counsel has submitted is to be accepted, even then it would be only a case of an alleged sale of a product at a lower costs than the MRP. The Inspecting Authorities for the alleged discrepancy could have only intimated the Assessing Authority for initiating appropriate proceedings. What is more relevant to take note of is the fact that the details in the invoice bill as well as in the e-way bill matched the products found in the vehicle at the time of inspection except for the price of sale.

11. The High Court of Kerala in the case of "Alfa Group v. Assistant State Tax Officer" (2020) 113 taxmann.com 222 (Kerala) in an identical set of facts has held as under:

"On a consideration of the facts and circumstances of the case as also the submissions made across the Bar, I find that none of the reasons stated in Ext. P2 order justify detention of the goods. There is no provision under the GST Act which mandates that the goods shall not be sold at prices below the MRP declared thereon. Further, there is nothing in Ext. P2 order

that shows that, on account of the alleged wrong classification of the goods there was any difference in the rate of tax that was adopted by the assessee. In my view when the statutory scheme of the GST Act is such as to facilitate a free movement of goods, after self assessment by the assessee concerned, the respondents cannot resort to an arbitrary and statutorily unwarranted detention of goods in the course of transportation. Such action on the part of department officers can erode public confidence in the system of tax administration in our country and, as a consequence, the country's economy itself. Under such circumstances, I quash Ext. P2 detention order and direct the respondents to forthwith release the goods belonging to the petitioner on the petitioner producing a copy of this judgment before the said authority. I also direct the Commissioner, Kerala State Taxes Department, Thiruvananthapuram to issue suitable instructions to the field formations so that such unwarranted detentions are not resorted to in future. The Registry shall communicate a copy of this judgment to the Commissioner, Kerala State Taxes Department, Thiruvananthapuram for necessary action."

14. Given the said facts and circumstances of the case, this Court is of the opinion that under valuation of a good in the invoice cannot be a ground for detention of the goods and vehicle for a proceeding to be drawn under Section 129 of the Central Goods and Service Tax Act, 2017 read with Rule 138 of the Central Goods and Service Tax Rules, 2017. In view of the aforesaid the impugned order Annexure P/1 i.e. the order passed under Section 129 and the order of demand of tax and penalty both being unsustainable deserves to be and is accordingly set-aside/quashed. The respondents are forthwith directed to release the goods belonging to the petitioners based on the invoice bill as well as the e-way bill.

32. The Hon'ble High Court of Gujarat in **Panchi Traders Vs. State of Gujarat** , had held as follows:

63. Thus, in case, there are first degree minor aberrations in the documents such as the difference in value shown in the e-way bill and the delivery challan, minor error in vehicle number, etc, as referred in the Circular dated 14th September, 2018, the proper officer cannot seize the goods and conveyance. If the violation is of second degree, inviting contravention of the provision of Act or Rule, where the element of intention of evasion to pay the tax is not involved, the person/dealer shall be allowed to resort to remedy of paying penalty as specified under Section 129 of the CGST Act, and on payment of amount referred in sub-section(1), all proceedings in respect of the notice specified in sub-section(3) stands concluded. In case, the amount is not paid, such goods are liable to be sold or disposed as per provisions of subsection (6). In view of the foregoing clarification, only in case of blatant violation or contravention of provisions of the Act or Rules, which has direct nexus with the intention to evade payment of tax, the confiscation of goods and conveyance, during transit can be resorted.

64. In order to invoke the severe action of confiscation of goods and conveyance, during transit, the contravention/infringement has to be of the highest degree, such as absence of documents or fake or forged documents, absence of details of dealer, forged e-way bills, a complete deceptive/divergence/mismatch of goods, fake registration, etc. which apparently establishes the 'intention to evade payment of tax'. We may also clarify that the proper

officer cannot venture into the assessment and valuation of goods at the time of interception of vehicle, and resort to seizure and confiscation of goods and conveyance by resorting to the entries in portal, and digging out the evasion of tax, etc of third parties.

33. We are in respectful agreement with the above views, that questions of seizure or confiscation, would not arise before a proper officer, under Section 129 or 130, even in the normal course, on grounds of variation in valuation etc., Such powers can be exercised, only if the conditions, set out in the judgment of the Hon'ble High Court of Gujarat, are satisfied.

34. In W.P. No. 3258 of 2026, the respondents had contended that, the petitioner therein was transporting goods, without way bills. We had gone into this issue, in our interlocutory order, dated 16.02.2026, and had observed as follows:

8. For all the aforesaid reasons, this Court is of the view that the goods, which have been seized or confiscated under various impugned orders, would require to be released.

9. As far as W.P.No.3258 of 2026, is concerned, the contention of the respondents is that, the vehicle in question was inspected by the Officials and subsequently, by the proper Officer, who had a complaint from the said Officials, that the driver of the vehicle was not willing to reveal any details. The respondents also contended that, on account of the refusal of the driver to give any details, online verification was done, and it was found that, there were no E-Way Bills issued for the consignment in question.

10. The contention is that the petitioner, having realized that his consignment was under inspection, had got an E-Way Bill prepared, after the first inspection has been completed and forwarded it to the driver of the vehicle.

11. In such circumstances, this Court cannot accept the fact that there was inspection much prior to the actual inspection, which was recorded in Form – A.

12. Rule 138C of the C.G. & S.T. Rules, 2017, requires a summary report of every inspection of the goods in transit to be recorded online by the proper officer in Part A within 24 hours of inspection and a final report in Part B to be recorded within three (03) days of such inspection.

13. In the present case, there were two inspections, according to the respondents.

14. The first inspection has not been recorded and no report has been placed online. A report has been prepared for the second inspection and placed online. In this report, there is no mention about inspection of the vehicle earlier.

35. We have not been shown anything to modify the aforesaid observations. In the circumstances, this contention of the respondents would have to be rejected.

36. We are also alive to the fact that, the proper officer, under the APGST Act, at the time of intercepting the conveyance or vehicle, would not be aware whether the consignment, is under the IGST Act or any of the other GST Acts, until the vehicle is stopped and the documents are verified. In a case where it is found that the consignment relates to an interstate supply, the

state officer would have to permit the vehicle to continue its journey. However, if any discrepancies are found, it would be open to the state officer to forward the said discrepancies to the proper officer of the consignee as well as the consignor. If it is found that, the consignment is not accompanied by necessary way bills, it would be open to the state officer, to presume that the consignment is an intra state supply, unless that presumption is rebutted,

37. Accordingly, it would be appropriate to hold as follows:

A. An officer, appointed under the APGST Act, would be cross empowered, to exercise jurisdiction under the CGST or IGST Act, in relation to a tax payer, when such tax payer has been administratively allotted to the State and the State officer is the “proper officer”, assigned to discharge the said function, by the Chief Commissioner and vice versa for Central officers.

B. A “proper officer” appointed under the APGST Act, and assigned the functions, under section 129 and/or 130, of the APGST Act, can discharge such functions, under the CGST Act also, in relation to intra state sales.

C. A “proper officer” appointed under the APGST Act, and assigned the functions, under section 129 and/or 130, of the APGST Act, can discharge such functions, under the IGST Act also, in relation to inter-state sales, only when the State of Andhra Pradesh is entitled to an allocation of a share of the tax , under section 17 of the IGST Act, in relation to such transaction.

D. A “proper officer” appointed under the APGST Act, and assigned the functions, under section 129 and/or 130, of the APGST Act, can not

discharge such functions, under the IGST Act, in relation to inter state sales, which originate outside the State and culminate outside the State.

E. In the event of any discrepancies found, in any movement of goods, under the IGST Act, it would be open to the State officer, to forward the said discrepancies to the proper officer of the consignee and the proper officer of the consignor, to take further action.

38. In view of the above, all these writ petitions are disposed of, setting aside the proceedings initiated against the petitioners above, under section 129 or 130, while leaving it open to the respondents to forward their records, as well as the samples, that were directed by this court to be drawn, in the interlocutory order, dated 16.02.2026, to the respective proper officers of the petitioners.

As a sequel, pending miscellaneous petitions, if any, shall stand closed. There shall be no order as to costs.

R. RAGHUNANDAN RAO, J

T.C.D. SEKHAR, J
RJS

THE HON'BLE SRI JUSTICE R. RAGHUNANDAN RAO

&

THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR

**WRIT PETITION NOs: 541, 1756, 3097, 3225, 3227, 3252, 3254, 3258 and
3354 of 2026**

(per Hon'ble Sri Justice R.Raghunandan Rao)

01.04.2026

RJS

