

Expiry of e-way bill in case of genuine transaction between registered dealers cannot lead to seizure of goods – Tripura HC

11 April 2022



Summary

The Tripura High Court (HC) has held that detention and seizure of vehicle along with goods is not justified in cases where the transaction entered between registered persons is genuine and e-way bill expires just prior to entry of vehicle into the state. The HC directed that undertaking should be taken from the buyer or the seller and intimation should be provided to the assessing officer of both the parties. The HC noted that hindrance in the movement of goods creates obstacle for development of the nation. Thus, the HC emphasised that free flow and movement of goods/services throughout the nation should be encouraged.

Facts of the case

- The petitioner¹ is engaged in the business of selling construction machinery. The petitioner had transported goods to a customer from Silchar to Agartala along with the valid documents being carried in the vehicle itself.
- Due to some technical problems, the e-way bill expired before reaching the destination. Thus, the vehicle and the goods both were detained.
- The petitioner submitted that the seizure and detention of vehicle and goods along with denial of entry of vehicle in the state of Tripura has caused an impediment on the free flow of goods and services within India.
- **Transaction is between registered persons:** The transaction took place between two dealers registered under the GST laws. Further, the transaction was covered with necessary documents, indicating the genuineness of the transaction. Therefore, the stoppage of the vehicle along with goods is not justified.
- **No stoppage of goods if e-way bill expires just prior to date of entry in state:** If e-way bill expires just prior to date of entry, in a case where the transaction is between registered persons and covered by all necessary documents, then goods should not be stopped. An undertaking should be taken from the buyer or seller and intimation to

Tripura HC observations and ruling²:

¹ Podder and Podder Industries Private Limited.

² WP(C) No.285 of 2022, order dated 29 March 2022

be provided to the assessing officer of both the parties so that necessary compliance can be made.

- **Free flow of goods/services meant for development of the nation:** Any hindrance in the movement of goods amounts to an obstacle of the development of the nation. Hence, free flow/ smooth movement of goods and services should be encouraged as it is meant to be for development of the nation.

Our comments

Recently, the Apex Court has pronounced landmark judgement in case of Satyam Shivam Papers Private Limited³ wherein it had been held that expiry of e-way bill for reasons beyond the control of assessee could not be considered as an intent to evade tax. Hence, the Apex Court imposed personal cost on errant officials for unnecessary litigation and harassment of assessee.

Similarly, the Tripura HC has emphasised that detention and seizure should be discouraged in case of expiry of e-way bill for genuine transactions having no intention to evade tax. Further, the court stated that such expiry of e-way bill can be condoned by submitting an undertaking by the buyer/seller with their authorities. This in turn will lead to the overall development of the nation.

Thus, the present ruling is of welcoming nature as it will provide relief to the taxpayers, curbing unnecessary litigations and ensure free flow of goods across the nation.

³ Special Leave to Appeal (C) No(s). 21132/2021

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