

# TAX INFO

*Dated 19.08.2020*

Latest update on GST Law: Information regarding **Important ruling that Detention of Goods / Vehicle under GST cannot extend beyond a reasonable period** based on the **Judgement issued by Madras High Court.**

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## **Detention of Goods / Vehicle under GST cannot extend beyond a reasonable period**

<b>Name of Petitioner</b>	M/s. Jeyyam Global Foods (P) Ltd
<b>Name of Respondent</b>	Union of India
<b>Court</b>	Madras High Court
<b>Date of Judgement</b>	23.01.2019
<b>Order No.</b>	WP (MD) No. 937 of 2019

The petitioner is a manufacturer of dried chick peas, gram flour, pulses and grams. They claim to purchase chick peas, dry them by heating them to a certain degree and the resultant product is known as "Dried Chick Peas". According to the petitioner, this would have to be classified only under Chapter 0713 of HSN. The petitioner had transported the dried chick peas from Salem to Dindigul. The petitioner had not filed any E-Way bill in view of the exemption statutorily granted. While so, the consignment of the dried chick peas sent by the petitioner was intercepted by the fourth respondent on 21.12.2018. The fourth respondent seized the goods and also detained the vehicle in which the goods were being transported. The fourth respondent took the view that what was transported by the petitioner comes under the classification falling under Chapter 2106 of HSN.

In this view of the matter, he issued a detention notice and levied tax with equal penalty. The petitioner paid the said amount as demanded by the fourth respondent under protest and he also obtained release of the goods as well as the vehicle. The order was challenged in the writ petition principally on the ground that when a bonafide dispute as to classification had arisen, it is only the jurisdictional assessing officer, namely, the third respondent who could have ruled on the classification and that it was not open to the Squad Officer to have done so.

HC is of the view that there is a bonafide dispute with regard to the classification between the transporter of goods and the squad officer. HC is of the view that the squad officer can intercept the goods, detain them for the purpose of preparing the relevant papers for effective transmission to the jurisdictional assessing officer. It is not open to the squad officer to detain the goods beyond reasonable period. The final call will have to be taken only by the jurisdictional assessing officer.

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