



JUDGEMENT

Imposing Heavy Penalties for E-way Bill Expired by Only 44 Minutes is Unjustified

In Case Of:	M/s Hindustan Trading Company
Issued By:	Rajasthan High Court
Order No:	Sales/Trade Tax Revision No. 206 of 2022
Order Date:	15 th April 2024

OBSERVATIONS

- M/s Hindustan Trading Company, the petitioner, engaged in the trade of iron items, purchased goods worth Rs. 9,43,993 from R.K. Steels, Jaipur, on 25.02.2021.
- Due to unforeseen circumstances, the goods arrived late at the destination, causing the e-way bill to expire just 44 minutes prior. Despite compliance with GST rules and tax payments, a heavy penalty was imposed under Section 129(3) of the CGST Act, 2017.
- The petitioner contested the penalty, arguing that the delay was beyond their control and did not amount to tax evasion. They cited precedents from other High Courts where similar cases were resolved in favor of the taxpayer.

FINDINGS

- After careful consideration, the Rajasthan High Court ruled in favor of the petitioner, emphasizing that the penalty imposed was unjustified for a minor offense. The court noted that while the e-way bill had expired, there was no intent to evade taxes.
- It deemed the penalty excessive and ordered its reduction to Rs. 10,000/-, in accordance with Section 122 of the CGST Act, 2017. The court quashed the impugned notices and orders, directing the authorities to return the taxes and penalty already paid by the petitioner, adjusting the penalty amount as per the ruling.

N J JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

WWW.NJJAIN.COM

info@niteshjain.co.in

079-4002-2628