Alfa Group vs The Assistant State Tax Officer & Others

Whether goods can be detained under GST law on the ground of undervaluation compared to MRP and alleged wrong HSN classification.

Date of Order: November 18, 2019
Case Law No: GIB-KERHC-2019-01
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts :

The petitioner's goods were detained during transit through a detention order (Form GST MOV-06) on the ground that the invoice value was lower than the MRP and HSN code was wrongly mentioned.

The petitioner challenged the detention contending that these grounds do not justify detention under Sections 129 or 130 of the GST Act.

It was also contended that there was no discrepancy in tax rate or supporting documents accompanying the goods.

The issue arose from detention at a parcel godown during movement of goods.

Court Decision:

The Court held that undervaluation with reference to MRP is not a valid ground for detention of goods under the GST Act.

There is no statutory provision prohibiting sale of goods below MRP, and such comparison cannot justify detention.

The Court further held that incorrect HSN classification, without impact on tax rate, does not warrant detention.

The detention order was quashed and authorities were directed to release the goods forthwith.

Directions were also issued to the Commissioner to ensure such unwarranted detentions are not repeated.

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