Panchhi Traders v. State of Gujarat

Whether confiscation under Section 130 CGST Act can be invoked during transit detention under Section 129 and interpretation of amended provisions

Date of Order: December 11, 2025
Case Law No: GIB- GUJHC-2025-32
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CASE DESCRIPTION / SUMMARY

Facts :
The petitions arose from detention and seizure of goods in transit under Section 129 of the CGST Act, followed by issuance of confiscation notices under Section 130. The petitioners contended that after the 2022 amendment, Section 129 is a complete code and authorities cannot directly invoke Section 130 without completing Section 129 proceedings. It was argued that confiscation requires intent to evade tax and cannot be presumed merely from discrepancies. The Revenue maintained that in cases of apparent tax evasion, Section 130 can be invoked at the threshold.

Court Decision:
The Court held that Sections 129 and 130 of the CGST Act are independent and mutually exclusive provisions even after the amendment. It ruled that confiscation proceedings under Section 130 can be initiated at the stage of detention if there is material indicating intent to evade tax, and completion of Section 129 proceedings is not a pre-condition. The Court relied on legislative intent showing that both provisions were consciously delinked, and upheld the validity of invoking Section 130 during transit proceedings subject to formation of proper opinion. The writ petitions were rejected.

Cases Referred:

- *Synergy Fertichem Pvt. Ltd. v. State of Gujarat*
- *ASP Traders v. State of U.P.*
- *Dhanlaxmi Metals v. State of Gujarat*
- *Rajiv Traders v. Union of India*
- *State of West Bengal v. Kesoram Industries Ltd.*
- *State of W.B. v. Sujit Kumar Rana*
- *Shiv Enterprises v. State of Punjab*
- *Mohammad Abdul Samad v. State of Telangana*

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