



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

TAX JURISPRUDENCE

CASE LAW ALERT – MARCH 2025
VOL- 2

EXECUTIVE SUMMARY OF JUDGEMENTS / ADVANCE RULINGS UNDER DIRECT AND INDIRECT TAXES

We are pleased to draw your attention to following important decisions which might be useful for you to take call on tax position.

Case & Citation	Issue Involved	Decision
Indirect Tax		
M/s OSR Creation V/s State of U.P. [Writ Tax No. 1914 of 2024]	Whether the failure to generate an e-way bill due to a technical error, which was later produced prior to passing the order leads to the imposition of a penalty?	The Hon'ble High Court of Allahabad quashed the penalty orders emphasizing that the detention was unjustified as there was no intent to evade tax.
M/s Nspira Management Services Pvt Ltd [Writ Tax No. 16808 of 2024]	Whether final order passed is valid if it confirms the demand solely on the claim that the taxpayer's reply was ambiguous, without proper reasoning or consideration?	The Hon'ble High Court of Delhi quashed the order emphasizing need for reasoned decisions by tax authorities and proper consideration of taxpayer arguments.

The brief analysis of above referred decisions and rulings are given below:

INDIRECT TAX

Case 1 - M/s OSR Creation V/s State of U.P. [Writ Tax No. 1914 of 2024]

Facts in brief & Issue Involved

- ♦ The Petitioner (M/s OCR Creation) is a proprietorship engaged in the business of manufacturing and trading of furniture.
- ♦ The Petitioner sold goods to which e-way bill could not be generated due to some technical error. The goods were transported without an e-way bill as the purchaser was in dire need of the goods. However subsequently the E-way bill was generated.
- ♦ During transit, the goods were intercepted by the GST authorities. The e-way bill was produced and submitted to the respondent authority. However, penalty was imposed without considering the material on records.
- ♦ The petitioner filed the appeal before the Appellate Authority contending that no penalty should be imposed.
- ♦ However, the penalty was affirmed by the Appellate Authority. Thus, aggrieved by the order the petition was filed in Allahabad high court

Contentions of Petitioners

- ♦ The petitioner submitted that before the goods could be detained or the seizure order be passed, the e-way bill was produced before the respondent authority.
- ♦ He further submits that penalty has been imposed without considering the material on record.
- ♦ The petitioner further argued that prior to passing of the seizure as well as detention order, the e-way bill was produced before the respondent authority but without giving due weightage to the same, the penalty order was affirmed by the appellate authority. argued that they had generated the e-way bill correctly and in compliance with the GST rules. The e-way bill was generated when goods were still in transit at

the time of the interception by the GST authorities. The petitioner contended that there was no discrepancy or defect in the e-way bill.

Contentions of Respondent

- ♦ The Respondent submitted that the goods in question were detained and immediately thereafter the same was uploaded on the website with the endorsement that 'documents are not ok', and when the said fact had come to the notice of the petitioner, the petitioner immediately generated the e-way bill.
- ♦ The Respondent further argued that had the goods were not intercepted, the petitioner would have been succeeded in its attempt to avoid the legitimate tax.

Observations & Decision of the Honorable Allahabad High Court

- ♦ The Honorable High Court of Allahabad observed that the e-way bill was generated by the petitioner in accordance with the requirements of the GST Act and none of the authorities at any stage have neither pointed out any defect in the e-way bill nor at any stage have recorded any finding against the petitioner in respect of intention to avoid the payment of tax
- ♦ The e-way bill was produced along with the reply to the show cause notice before the seizure order was passed and once the e-way bill was produced before passing of the seizure order, it could not be said that there was any contravention of the provisions of the Act being made by the petitioner. Hence the impugned orders cannot be justified in the eyes of law and same are hereby quashed

NASA Comments

- ♦ This ruling of Hon'ble High Court is a welcome judgement as it highlighted that minor delays or technical issues should not necessarily lead to penalties, provided the compliance is timely corrected. It also indicates that GST authorities must be cautious and ensure there is a valid reason for penalizing goods, emphasizing fairness in the enforcement of GST rules.

Case 2 – M/s Nspira Management Services Pvt Ltd [Writ Tax No. 16808 of 2024]

Facts in brief & Issue Involved


- ♦ The Petitioner (Nspira Management Service Pvt Ltd) is a Private Limited Company engaged in the business of management of educational institutions.
- ♦ The officer issued a Show Cause Notice (SCN), demanding tax, interest, and penalty. The petitioner responded with a detailed reply, but the GST Officer issued a final order confirming the demand, stating the response filed by the taxpayer is not comprehensible, conceivable, perspicuous and ambiguous and that no one appeared for the personal hearing.
- ♦ Aggrieved by the order the petition was filed in Delhi high court.

Observations & Decision of the Honorable Delhi High Court

- ♦ The **Honorable** High Court referred to the case of **Xerox India Limited Vs Assistant Commissioner 2025 (94) G.S.T.L. 80/2025 26 Centax 118 (Del.)** where similar orders had been quashed due to the same issues.
- ♦ The High Court observed that despite having been cautioned that the language used by the Assistant Commissioner has attained the status of template, the officer has failed to make any amends.
- ♦ The Court found that the officer had not applied proper reasoning and instead repeatedly employing identical phraseology to deal with such matters.
- ♦ The High Court being convinced that the impugned being wholly unreasonable quashed the same and directed the Revenue authorities to issue a fresh SCN, considering the taxpayer's response and providing a reasoned decision.

NASA Comments

- ♦ This ruling of Hon'ble High Court is a welcome judgement as it emphasized on proper consideration of taxpayer arguments and the need for more reasoned orders by tax authorities.



The contents provided in this newsletter are for information purpose only and are intended, but not promised or guaranteed, to be correct, complete and up-to-date. The firm hereby disclaims any and all liability to any person for any loss or damage caused by errors or omissions, whether such errors or omissions result from negligence, accident or any other cause.

B 21-25, Paragon Centre,
Pandurang Budhakar Marg, Mumbai – 400013
Tel: 91-022-4073 3000, Fax: 91-022-4073 3090
E-mail Id: info@nashah.com

