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Transit-State GST officers lack jurisdiction to detain or confiscate goods in inter-State movement where the transaction neither originates nor terminates in that State

The Hon'ble Andhra Pradesh High Court in the case of *Golden Traders & Ors. vs The Deputy Assistant Commissioner of State Tax & Anr. [W.P. No. 541 of 2026 & batch order dated April 01, 2026]* held that State GST officers of a transit State cannot exercise powers under Sections 129 or 130 of the CGST/APGST Acts to intercept, detain or confiscate goods moving in inter-State trade governed by the IGST Act, where such movement neither originates nor terminates in that State and no tax accrues to it.

Facts:

Golden Traders & Others ("**the Petitioner**") were engaged in inter-State transportation of goods originating outside Andhra Pradesh and destined outside Andhra Pradesh, with goods accompanied by requisite documents (except in one case).

The Deputy Assistant Commissioner of State Tax & Anr. ("**the Respondent**") intercepted the consignments at check posts in Andhra Pradesh and initiated proceedings under Sections 129 and/or 130 of the GST Acts alleging undervaluation, mismatch in description, excess quantity, or absence of documents.

The Petitioner contended that, State authorities in Andhra Pradesh had no jurisdiction to initiate proceedings under Sections 129/130 for goods moving under the IGST Act. The Respondent contended that State GST officers are cross-empowered to act as "proper officers" under CGST/IGST Acts and can therefore detain/confiscate goods and initiate proceedings under Sections 129 or 130.

Aggrieved by detention, confiscation orders and penalties imposed through Form GST MOV-11 and related proceedings, the Petitioner approached the High Court by way of writ petitions seeking quashing of such proceedings as without jurisdiction.

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Issue:

Whether the officers appointed under the APGST act, can exercise any power under Section 129 or 130 of the APGST Act or CGST Act for intercepting, detaining or confiscating goods, whose movement, falls under the ambit of the IGST Act?

Held:

The Hon'ble Andhra Pradesh High Court in ***W.P. No. 541 of 2026*** held as under:

- Observed that, a “proper officer” under Sections 129 or Section 130 must derive authority strictly from statutory assignment, and such assignment under APGST Act does not automatically extend to IGST transactions.
- Noted that, cross-empowerment under Section 6 of the CGST Act and Section 4 of the IGST Act operates only where the taxpayer is administratively assigned to the State authority.
- Observed that, under the Constitutional scheme with the powers given under Articles 246A and 269A, the Parliament alone has exclusive power to tax inter-State supplies, and IGST is apportioned between Centre and destination State.
- Noted that, in inter-State movement, no part of the taxes are due, to any intermediary state, through which the goods are passing, and therefore such State cannot appropriate penalty or fine.
- Observed that, allowing transit-State officers to detain/confiscate goods would result in appropriation of amounts rightfully due to origin or destination States, which is not contemplated under GST law.
- Held that, a proper officer under APGST Act, can act under CGST for intra-State matters and can act under IGST only where Andhra Pradesh is entitled to a share under Section 17 of

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IGST Act but cannot act under IGST where goods originate and terminate outside Andhra Pradesh.

- Noted that, issues such as undervaluation or mismatch cannot justify detention under Sections 129 or 130 unless conditions indicating intent to evade tax are satisfied.
- Further noted that, where discrepancies are found in IGST movement, the State officer must forward the matter to proper officers of consignor/consignee rather than detain goods and directed that, all impugned detention/confiscation proceedings were set aside.

Our Comments:

The judgment undertakes a detailed analysis of the GST constitutional framework under Articles 246A and 269A, emphasizing the exclusive domain of Parliament over inter-State supply and the apportionment mechanism under Section 17 of the IGST Act. The Court rejects an expansive interpretation of cross-empowerment under Section 6 CGST Act, holding that such interpretation would confer “unfettered discretion” on State officers, which is inconsistent with the GST scheme.

The Court considered ***Armour Security (India) Ltd. v. Commr. (CGST) [(2025) 145 GSTR 385 : 2025 SCC OnLine SC 1700]***, where the Supreme Court interpreted Section 6(2) of the CGST Act to prevent multiplicity of proceedings and ensure coordinated jurisdiction.

It is to be noted that the Hon’ble Madras High Court in the case of ***TVL Vardhan Infrastructure v. Special Secretary [2024 (16) CENTAX 509 (MAD)]*** held that, in absence of a notification for cross-empowerment, the action taken by the respondents in the case, are without jurisdiction. Officers under the State or Central Tax Administration as the case may be cannot usurp the power of investigation or adjudication of an assessee who is not assigned to them.

Relevant Provisions:

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Section 129 of the CGST Act, 2017

“129. Detention, Seizure and release of goods and conveyances in transit-

(1) Notwithstanding anything contained in this Act, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyances shall be liable to detention or seizure and after detention or seizure, shall be released:-

(a) on payment of the applicable tax and penalty equal to one hundred per cent of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such tax and penalty;

(b) on payment of the applicable tax and penalty equal to the fifty per cent of the value of the goods reduced by the tax amount paid thereon and, in case of exempted goods, on payment of an amount equal to five per cent of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such tax and penalty;

(c) upon furnishing a security equivalent to the amount payable under clause (a) or clause (b) in such form and manner as may be prescribed: Provided that no such goods or conveyance shall be detained or seized without serving an order of detention or seizure on the person transporting the goods.

...”

Section 130 of the CGST Act, 2017

“Section 130. Confiscation of goods or conveyances and levy of penalty.-

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(1) Where any person-

(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(ii) does not account for any goods on which he is liable to pay tax under this Act; or

(iii) supplies any goods liable to tax under this Act without having applied for registration; or

(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance, then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122.

(2) Whenever confiscation of any goods or conveyance is authorised by this Act, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit:

Provided that such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon:

Provided further that the aggregate of such fine and penalty leviable shall not be less than the penalty equal to hundred per cent of the tax payable on such goods:

Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon.

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Section 6 of the CGST Act, 2017

6. Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances.-

(1) Without prejudice to the provisions of this Act, the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

(2) Subject to the conditions specified in the notification issued under sub-section (1),--

(a) where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;

(b) where a proper officer under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.”

Section 6 of the APGST Act, 2017

“6. Authorization of officers of central tax as proper officer in certain circumstances

(1) Without prejudice to the provisions of this Act, the officers appointed under the Central Goods and Services Tax Act, 2017 are authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

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(2) Subject to the conditions specified in the notification issued under sub-section (1),-

(a) where any proper officer issues an order under this Act, he shall also issue an order under the Central Goods and Services Tax Act, 2017 as authorised by the said Act under intimation to the jurisdictional officer of central tax; (Act No.12 of 2017).

(b) where a proper officer under the Central Goods and Services Tax Act, 2017 has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter. (Act No.12 of 2017).

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act, shall not lie before an officer appointed under the Central Goods and Services Tax Act, 2017. (Act No.12 of 2017)."

Section 17 of the IGST Act, 2017

17. Apportionment of tax and settlement of funds.-

(1) Out of the integrated tax paid to the Central Government,—

(a) in respect of inter-State supply of goods or services or both to an unregistered person or to a registered person paying tax under section 10 of the Central Goods and Services Tax Act;

(b) in respect of inter-State supply of goods or services or both where the registered person is not eligible for input tax credit;

(c) in respect of inter-State supply of goods or services or both made in a financial year to a registered person, where he does not avail of the input tax credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was made;

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(d) in respect of import of goods or services or both by an unregistered person or by a registered person paying tax under section 10 of the Central Goods and Services Tax Act;

(e) in respect of import of goods or services or both where the registered person is not eligible for input tax credit;

(f) in respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was received, the amount of tax calculated at the rate equivalent to the central tax on similar intra-State supply shall be apportioned to the Central Government.

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(Author can be reached at info@a2ztaxcorp.com)

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