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## No ITC be denied solely for absence of lorry receipts and e-way bills where supplier was registered and tax stood discharged

The Hon'ble Madras High Court in *M/s. Akal Trade Links v. The Assistant Commissioner (ST) [W.P. No. 20601 of 2023 dated June 05, 2026]* quashed the order passed by the Assistant Commissioner (ST) confirming the demand on the ground of wrongful availment of Input Tax Credit ("ITC") for non-production of lorry receipts, weighment slips and e-way bills, and held that ITC cannot be denied to a bona fide recipient solely on such grounds where the supplier was a registered person during the relevant period, the tax invoices contained vehicle particulars, and the supplier had filed returns and discharged the corresponding tax liability on the disputed supplies.

### Facts:

- M/s. Akal Trade Links ("**the Petitioner**") effected purchases from M/s. Eco-Friendly Coco Products ("**the Supplier**") during Assessment Year 2018-19, in respect of which eight tax invoices were issued between January 2018 and August 2018.
- Each of the said tax invoices contained the registration number of the vehicle through which the goods were transported and delivered to the Petitioner; the Supplier had itself arranged the conveyance for the movement of goods.
- The Supplier was a duly registered person under the GST law during the entire relevant period, had filed returns reflecting the disputed supplies and had discharged the tax liability thereon; the Supplier's registration came to be cancelled only subsequent to the completion of these supplies.
- The Assistant Commissioner (ST), Kangayam Assessment Circle ("**the Respondent**"), by order dated April 28, 2023 ("**the Impugned Order**") confirmed the proposal alleging wrongful availment of ITC, solely on the ground that the Petitioner had failed to

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produce lorry receipts, weighment slips and e-way bills to evidence the actual movement of goods.

- Aggrieved, the Petitioner preferred the present writ petition under Article 226 of the Constitution of India seeking quashment of the Impugned Order.

## **Issue:**

Whether the Department is justified in denying ITC to the recipient solely on the ground of non-production of lorry receipts, weighment slips and e-way bills, where the supplier was a registered person during the relevant period, the supplies are supported by tax invoices reflecting vehicle particulars, the supplier has filed returns reflecting such supplies and discharged the corresponding tax, and the registration of the supplier was cancelled only subsequently?

## **Petitioner's Contentions:**

- That at the time of delivery of goods, the GST registration of the Supplier had not been cancelled and was subsisting on record.
- That the supplies are duly supported by tax invoices containing the particulars of the vehicle through which the goods were transported and delivered to the Petitioner.
- That the Supplier had filed returns under the applicable GST statutes reflecting the impugned supplies and had paid the corresponding tax to the exchequer, and therefore there was no loss of revenue.
- That in such circumstances, denial of ITC solely on the ground that lorry receipts and weighment slips were not produced is unsustainable in law.

## **Respondent's Contentions:**

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- That by virtue of Section 155 read with Section 16 of the Central Goods and Services Tax Act, 2017 (“the CGST Act”), the burden of proving the admissibility of ITC squarely rests upon the person claiming such credit.
- That the Petitioner having failed to produce evidence of the actual physical movement of goods, the burden cast by the statute remained undischarged and the availment of ITC was rightly held to be unlawful.

## Held:

The Hon’ble Madras High Court in **W.P. No. 20601 of 2023** held as under:

- **Observed that**, the Impugned Order itself referred to the eight invoices issued by the Supplier between January 2018 and August 2018, each of which carried the vehicle number through which the goods were transported and further recorded the Petitioner’s contention that the Supplier had arranged the conveyance for delivery of the goods.
- **Noted that**, the Supplier was a registered person during the entire relevant period and the cancellation of registration occurred only subsequently; moreover, the Supplier had filed the requisite returns under the applicable GST statutes and had discharged tax in respect of the very supplies in dispute.
- **Held that**, in the totality of the aforesaid facts, a deeper examination as to the genuineness of the underlying supplies was warranted, and the Respondent could not have mechanically confirmed the tax proposal solely on the ground that lorry receipts and weighment slips had not been filed, without undertaking the said exercise.
- **Directed that**, the Impugned Order dated April 28, 2023 stands set aside and the matter is remanded to the Respondent for reconsideration; the Petitioner is permitted to place additional documents relating to the supplies on record within 15 days, and the

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Respondent shall pass a fresh order within 3 months from the date of receipt thereof, after granting a reasonable opportunity of personal hearing to the Petitioner.

- **Hence, remanded back to the Assessing Officer.**

## **Our Comments:**

Section 16 of the CGST Act lays down the substantive conditions for availment of ITC – the recipient must be in possession of a tax invoice, must have actually received the goods or services, the tax charged in respect thereof must have been paid to the Government by the supplier, and the recipient must have furnished the return under Section 39. Section 155 of the CGST Act, in turn, statutorily casts the burden of proving the eligibility for ITC upon the person claiming such credit. However, the manner in which this burden is to be discharged cannot be reduced to a stand-alone insistence upon production of a particular class of documents such as lorry receipts or weighment slips; the assessing authority is duty-bound to undertake a holistic appraisal of the entire evidentiary record – tax invoices, vehicle particulars, banking trail, supplier's GST returns and tax remittance – to determine whether the underlying supply is genuine. The present ruling reinforces that mechanical confirmation of a proposal, without engaging with the cumulative evidence indicating supplier-side compliance, cannot be sustained.

The instant decision is squarely in *pari materia* with the earlier ruling of the Hon'ble Madras High Court in ***M/s. Engineering Tools Corporation v. The Assistant Commissioner (ST) [W.P. No. 3505 of 2024 and W.M.P. Nos. 3758 & 3759 of 2024 dated February 15, 2024]***, wherein it was categorically held that ITC cannot be rejected solely on the ground that the supplier's GST registration has been cancelled with retrospective effect, and that the genuineness of the transaction is required to be tested with reference to tax invoices, e-way bills, transport documents and proof of banking payment. To similar effect, the Hon'ble Madras High Court in ***M/s. Slitina Metal Sales LLP [W. P. No. 17112 of 2024 And W. M. P. Nos. 18877 & 18879 of 2024]*** held that confirmation of a tax proposal merely for non-production of lorry receipts and

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weighment slips – documents which were not even called for in the show cause notice – is unsustainable in law. Both decisions emphasise that supplier-side compliance, when coupled with documentary support on the recipient's side, must necessarily weigh in favour of upholding the ITC.

***A contrary line of reasoning***, however, finds expression in the recent decision of the Division Bench of the Hon'ble Madras High Court rendered in April 2026, wherein it was held that mere production of e-way bill printouts is insufficient to establish the actual physical movement of goods for the purposes of Section 16(2)(b) of the CGST Act, and that an assessee is required to additionally produce evidence of freight charges, loading/unloading expenses, lorry receipts and way bills. Likewise, in ***Devi Traders v. State Tax Officer [W.P.(MD) Nos. 22371, 22372, 22933, 23473, 23474, 23475, 23927, 23928, 23929, 22955, 22956, 22935, 22934, 22957, 23489, 23490, 23491, 23476, 23477 and 23478 of 2023]***, the Hon'ble Madras High Court declined to interfere with the denial of ITC where the recipient, despite being granted opportunity, was unable to produce e-way bills or other proof of receipt of goods, and observed that the burden of proving actual movement remains squarely upon the recipient. Read together, the emerging jurisprudence indicates that while denial of ITC purely on the basis of the supplier's subsequent de-registration or absence of a single class of transport documents is impermissible, the recipient cannot afford to be complacent in maintaining a robust evidentiary trail – invoices, e-way bills (wherever statutorily mandated), lorry receipts, weighment slips, delivery challans, banking payment proofs and confirmation of supplier-side GSTR-1/GSTR-3B compliance – to successfully discharge the burden under Section 155 of the CGST Act.

From a practical standpoint, the present judgment is a welcome reaffirmation for *bona fide* recipients who have transacted with then-registered suppliers, and serves as a useful precedent to resist arbitrary ITC reversals where the only adverse fact relied upon by the Department is the subsequent cancellation of the supplier's registration or the non-availability of a particular transport document. Taxpayers would, nonetheless, be well-advised to preserve

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and produce the entire spectrum of contemporaneous documentation supporting the supply, since the assessing officer, on remand, is now expressly empowered to undertake a deeper examination as to the genuineness of the underlying transaction.

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