

M/s Shree Jeet Transport v. Union of India and Others

Case number: WPT No. 117 of 2022

Citation: 2023:CGHC:25692-DB

Decision date: 17 October 2023

Recipient-supplied free diesel in the value of GTA services

Court: Chhattisgarh High Court

Bench: Hon'ble Mr. Justice Goutam Bhaduri and Hon'ble Mr. Justice Sachin Singh Rajput

Decision stage: Final High Court merits dismissal; subsequent Supreme Court civil appeal established.

01 Facts of case and issues

The petitioner, a Goods Transport Agency (GTA), proposed to transport customers' goods using trucks/trailers and drivers. Clauses 2.1–2.2 of the draft agreement placed fuel within the recipient company's scope: it would be supplied free for the particular trip, excluded from freight, and remain the company's property. The transporter would neither pay for it nor dispose of it otherwise.

The petitioner applied for an advance ruling on 4 August 2020. The AAR's 4 January 2021 order included the diesel cost in the value of the GTA service. On appeal, the Central-tax member favoured inclusion while the State-tax member disagreed; the 28 February 2022 AAAR order therefore recorded no ruling under Section 101(3). The writ challenged the valuation and the split-decision provision, including on Articles 14 and 19(1)(g) grounds.

Pinpoint: Paragraphs 1(a)–(g), physical pp. 2–7; draft clauses 1–2, pp. 3–5; paragraphs 7 and 12–14, pp. 19–21.

02 Discussion by Hon'ble Court

The Court treated the dispute as valuation of the transportation service. It read the broad definition of consideration in Section 2(31), the scope of supply in Section 7(1)(a), and Section 15(2)(b) together. In its reasoning, running vehicles was the GTA's normal business obligation and fuel was indispensable to that service. Having the recipient meet that expense under the agreement could not remove the statutory inclusion. Paragraph 25 specifically treats the fuel expense as one normally incurred by the GTA, notwithstanding the contractual allocation.

Bhayana Builders and Intercontinental Consultants, invoked by the taxpayer under the earlier service-tax regime, were distinguished by reference to the nature of the services and the central role of fuel in GTA business. The Court also cited CLP India for the proposition that agreements cannot override statutory provisions. It rejected reliance on the omission of a free-supply clause from the Model GST Law because the enacted Section 15(2)(b), as it interpreted it, covered this arrangement.

Circular 47/21/2018-GST concerning moulds and dies supplied by an OEM did not assist this GTA in the Court's view. That conclusion was tied to the business and statutory provisions before it; the circular was not struck down.

02 Discussion by Hon'ble Court

Pinpoint: Paragraphs 18–25, physical pp. 31–38; Model Law argument and answer at paragraphs 26–27, pp. 38–39; circular at paragraphs 28–30, pp. 39–40.

03 Judicial decision and operative relief

The writ petition was dismissed. Paragraph 31 expressly stated that the AAR's 4 January 2021 order would revive and that recipient-supplied free diesel would nevertheless be added to the value for GST. On the split-AAAR objection, the Court referred to Section 101B, noted the absence of a notified National Appellate Authority when the petition was filed, and declined to direct legislation. No quantified demand, tax rate, penalty, refund or costs award was determined.

Pinpoint: Paragraphs 31–32, physical pp. 40–41; operative dismissal at paragraph 32, p. 41.

04 In favour of

Revenue at the High Court stage. The valuation challenge and requested relief failed; a subsequent Supreme Court appeal is established.

This is a High Court judgment deciding the GST valuation challenge, although it arose from advance-ruling proceedings. Its result is inclusion of the diesel cost in this GTA service's taxable value. It does not independently impose GST on a sale of diesel or decide every category of recipient-provided material.

Pinpoint: Paragraphs 7, 24–25 and 31–32, physical pp. 19 and 36–41.

05 AKHB REVIEW POINT

AKHB analysis: Preserve the transport contract, consignment notes, fuel-issue records and freight calculations. Identify who bears each obligation, what is actually supplied, and the relevant tax period and charging mechanism. This decision shows that an express contractual exclusion may still face a valuation challenge where the Court treats the expense as integral to the supplier's obligation.

Reliance requires particular caution: Supreme Court leave was granted and a later Uttarakhand judgment reached a contrary free-diesel outcome on its contractual facts. That is a separate High Court decision, not an appellate reversal of Shree Jeet. Do not present a nationwide settled rule, treat the notice on interim relief as a stay, or infer a Section 101B remedy for a lone split AAAR merely from paragraph 31. Apply the identified 2026 statutory update and verify case-specific eligibility and current appellate orders before advising on exposure or litigation.

Pinpoint: AKHB commentary based on paragraphs 20(c)–31, physical pp. 33–41, and the dated later-treatment sources below; practical actions and limitations are analysis.

Sources and limitations

Relevant provisions

CGST Act: Sections 2(31), 2(93), 2(105), 2(108), 7, 9, 15 (particularly 15(2)(b)), 95, 97, 101(3), 101B and 168; corresponding Chhattisgarh GST provisions. Articles 14, 19(1)(g) and 226. Notification 12/2017-Central Tax (Rate), clause 2(ze); Circular 47/21/2018-GST dated 8 June 2018. Finance Act 1994, Sections 65B(26) and 67; Service Tax Rules, Rule 4B, in the discussion of the earlier regime. Later statutory framework checked: CGST Section 101A(1A), Finance Act 2026 Sections 1(2)(a) and 156, and Notification 02/2026-Central Tax as corrected.

Statutory note

Paragraph 31 describes the position when the petition was filed. Section 101B as enacted in 2019 concerns conflicting AAAR rulings in two or more States/Union territories for a distinct person under Section 25. Finance Act, 2026 Section 156 inserted Section 101A(1A), effective 1 April 2026, enabling designation of an existing authority pending constitution of the National Appellate Authority. Notification 02/2026-Central Tax, 7 May 2026, empowers the GSTAT Principal Bench, New Delhi, to hear Section 101B appeals, deemed effective 1 April 2026. The official corrected copy records Corrigendum S.O. 2349(E), 8 May 2026. This identifies the designated forum; it does not establish eligibility for a lone split-AAAR dispute, compliance with deadlines or practical filing requirements. Circular 47, paragraphs 1.2–1.3, distinguishes costs the component manufacturer was not required to incur from costs it contractually owed; Shree Jeet rejected its application to these GTA facts.

Treatment note

Checked 12 October 2026. The Supreme Court issued notice, including on the interim-relief prayer, in SLP(C) 26867/2023 on 11 December 2023; that order did not grant a stay. Its judicial order of 6 May 2024 granted leave. On 10 September 2026, in Civil Appeal 6149/2024, it dismissed only the early-hearing application, IA 206078/2026, without disposing of the appeal on merits. No later merits outcome or complete current stay position was established in the bounded check. Separately, New Jai Hind Transport Service v. Union of India, 2024:UHC:7311-DB (27 September 2024), excluded free diesel on its contractual facts (paragraphs 28–29, pp. 18–19). Its complete court text was read in a third-party-hosted copy; official Supreme Court material corroborates WPMS 646/2023 and the challenge in SLP(C) 27127/2025. This is a limited later-treatment check, not comprehensive citator clearance.

Scope of source review

All 41 physical pages of the original read completely and individually visually checked, including caption, submissions, quoted contract, statutory extracts, reasoning, operative dismissal and judicial names. Judicial pagination equals physical pagination.

Source notes

Reserved 1 September 2023; delivered 17 October 2023. Original response begins with a UTF-8 BOM before the PDF header; exact original bytes are preserved. The right-margin citation overlay is partially clipped in the source rendering; the complete neutral citation is present in extractable text and official indexing. No human review or cryptographic signature validation is claimed. Contrary-authority copy is hosted by Verdictum, not by the issuing court; it is identified separately below.

Primary source

Source description: Complete official Chhattisgarh High Court judgment, obtained through the eCourts High Court service.

Official source: [Open source document](#)

Source pages: 41

Outcome type: final high court merits

Additional source

Supreme Court notice order, SLP(C) 26867/2023, 11 December 2023

Official source: [Open source document](#)

Pinpoint: Physical p. 1: notice, including on the interim-relief prayer; no stay granted in this order.

Supreme Court leave order, SLP(C) 26867/2023, 6 May 2024

Official source: [Open source document](#)

Pinpoint: Physical p. 1: leave granted; hearing listed for 5 September 2024.

Supreme Court order, Civil Appeal 6149/2024, 10 September 2026

Official source: [Open source document](#)

Pinpoint: Physical p. 1: only IA 206078/2026 for early hearing dismissed; not a merits disposal of the appeal.

Finance (No. 2) Act 2019: enacted Section 101B

Official source: [Open source document](#)

Pinpoint: Physical p. 43: scope of conflicting AAAR rulings across States/Union territories for distinct persons. Read with the separately identified 2026 changes.

Finance Act, 2026: CGST Section 101A(1A)

Official source: [Open source document](#)

Pinpoint: Physical p. 1, Section 1(2)(a): commencement on 1 April 2026; physical p. 78, Section 156: existing authority may hear Section 101B appeals pending National Appellate Authority constitution.

Notification 02/2026-Central Tax, 7 May 2026, corrected official copy

Official source: [Open source document](#)

Pinpoint: Physical p. 1, S.O. 2286(E): GSTAT Principal Bench, New Delhi, empowered for Section 101B appeals, deemed effective 1 April 2026. Footnote records correcting notification number by S.O. 2349(E), 8 May 2026.

Circular 47/21/2018-GST, 8 June 2018

Official source: [Open source document](#)

Pinpoint: Physical pp. 1–2, paragraphs 1.2–1.3: moulds/dies and contractual obligation; distinguish from this judgment's GTA facts.

Supreme Court list identifying the New Jai Hind challenge

Official source: [Open source document](#)

Pinpoint: May 2026 official list, physical p. 6, item 98: Diary 47845/2025, SLP(C) 27127/2025, WPMS 646/2023 and judgment date 27 September 2024. Identity corroboration only, not a merits order.

Third-party-hosted court text: New Jai Hind Transport Service (Verdictum)

Source document: [Open source document](#)

Pinpoint: Complete 20-page judgment text read; paragraphs 13 and 28–29, physical pp. 7 and 18–19, show the contract-specific contrary free-diesel result. Issuing-court download was not obtained; no visual or signature assurance for this copy.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official High Court judgment and the identified later-treatment material. No human legal review is claimed.

General disclaimer: For professional information only; not legal advice. Read the complete judgment and applicable law, verify later treatment and obtain case-specific professional advice before acting.

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Source checked: 12 October 2026