

Parag Garg v. Commissioner, Adjudication, CGST Delhi West and Another; with nineteen connected writ petitions

Case number: W.P.(C) 13883/2026 and nineteen connected writ petitions (common judgment)

Citation: 2026:DHC:8390-DB

Decision date: 29 September 2026

Personal GST penalties under Section 122(1A): non-taxable persons, cumulative conditions and prospective operation

Court: Delhi High Court

Bench: Hon'ble Mr. Justice Anil Kshetarpal and Hon'ble Mr. Justice Bharat Parashar

Decision stage: Final common disposal deciding two Section 122(1A) legal questions; individual penalty facts and transaction dates reserved for statutory appeals.

01 Facts of case and issues

Twenty writ petitions challenged personal penalties under Section 122(1A). In the three designated lead cases concerning Worlds Window Impex India Private Limited, a 27 July 2023 notice led to an order dated 22 January 2025 alleging circular trading and irregular ITC of Rs. 24,99,88,069. Each of three directors also faced that amount as a personal penalty, plus Rs. 25,000 under Section 125. They disputed personal benefit, involvement and retrospective liability. These lead-case facts are not attributed to every petitioner.

The questions were whether Section 122(1A) reaches non-taxable persons and whether it applies to transactions preceding its 1 January 2021 commencement.

Pinpoint: Paragraphs 1-8, physical pp. 8-13; lead cases identified in paragraph 4 as W.P.(C) 5193/2025, 6862/2025 and 6913/2025.

02 Discussion by Hon'ble Court

The Court required both retention of the transaction's benefit and conduct of that transaction at the person's instance. These cumulative requirements presuppose an established contravention within Section 122(1)(i), (ii), (vii) or (ix). An individual's designation does not establish the required factual connection.

The Legislature deliberately distinguishes "taxable person", "registered person" and "any person". Restricting subsection (1A) to the taxable person would allow a separate organiser and beneficiary behind a fictitious entity to escape its reach. The Bench therefore adopted the wider interpretation, subject to both statutory conditions.

On timing, the Bench considered the coordinated 2021 amendments to Sections 122 and 132, the penal consequences and Article 20(1). Liability under Section 122(1A) depends on the underlying act or transaction, not the subsequent notice date. The contrary approach could expose identical conduct to different consequences merely because notices were issued at different times. Only acts or transactions on or after 1 January 2021 attract this provision.

02 Discussion by Hon'ble Court

The Court disagreed with the narrower Bombay interpretation of the persons covered, but accepted prospective operation. It declined the contrary notice-date reasoning in Bhupender Kumar and Mayank Bansal. Recurring pure legal questions justified writ adjudication despite the appeal remedy.

Pinpoint: Paragraphs 22-37, physical pp. 26-31; paragraphs 38-51, pp. 31-36; paragraphs 52-54, pp. 36-37.

03 Judicial decision and operative relief

The Bench answered both legal questions and disposed of all petitions and pending applications. Each petitioner could appeal under Section 107. Actual benefit, instigation, transaction dates and satisfaction of the statutory conditions remained open for the Appellate Authority. Appeals filed within four weeks from the judgment were protected from rejection on limitation. The Court did not quash all individual penalties.

Pinpoint: Paragraphs 54-59, physical pp. 37-39.

04 In favour of

Mixed: Revenue succeeded on the provision's reach beyond taxable persons; petitioners obtained prospective-operation protection and appeal liberty. Individual penalty liability remained undecided.

Final adjudication of the two statutory questions, followed by appeal liberty for individual factual disputes. No blanket penalty cancellation, individual exoneration, refund or general recovery stay was ordered.

Pinpoint: Paragraphs 54-59, physical pp. 37-39.

05 AKHB REVIEW POINT

AKHB analysis: For each proposed personal penalty, map the specified contravention, transaction date, retained benefit and evidence that the individual caused the transaction. Preserve invoices, communications, fund-flow records and appointment or resignation records; neither a directorship nor non-registration answers both statutory tests.

Separate pre-2021 acts from later acts instead of relying only on a post-2021 notice. Protect the applicable appeal deadline and examine the operative order before claiming recovery protection. This decision addresses Section 122(1A), not every penalty under Section 122 or every prosecution under Section 132. Divergent judicial approaches and subsequent orders require case-specific verification.

Pinpoint: AKHB commentary based on paragraphs 22-55 and 58; not an additional judicial holding.

Sources and limitations

Relevant provisions

CGST Act 2017: Sections 2(84), 2(94), 2(107), 107, 122(1)(i), (ii), (vii), (ix), 122(1A) and 132; Sections 74 and 125 in lead-case background; Finance Act 2020: Sections 126 and 127; Constitution of India: Articles 20(1) and 226; Notification 92/2020-Central Tax dated 22 December 2020.

Statutory note

Section 126 of the Finance Act 2020 inserted Section 122(1A). Notification 92/2020-Central Tax brought that section and the associated Section 127 amendment to Section 132 into force on 1 January 2021. The India Code CGST compilation as at 11 June 2026 retains the cumulative benefit-and-instance wording and records that commencement in its footnote.

The Court distinguishes Section 122(1A)'s monetary penalty from Section 132's criminal consequences, while using their coordinated amendments to support prospective interpretation. Its reasoning should not be read to erase pre-existing offences under the original Section 132. Paragraph 43's discussion of criminal thresholds is not reproduced as a complete statement of present prosecution law. The provision interpreted here is Section 122(1A), not Section 122(1) generally. No conclusion is offered on different disputes involving those provisions.

The four-week appeal direction runs from the judgment, rather than receipt; the note does not assume that any appeal was filed or give an independently adjusted deadline. No blanket stay or exemption from every other appellate requirement is inferred.

Treatment note

Checked 13 October 2026. The official Delhi High Court exact-case search for W.P.(C) 13883/2026 identifies these parties, records DISPOSED status and lists two orders dated 21 and 29 September 2026, with no corrigendum against the judgment. The latest official PDF is byte-identical to the retained source. Bounded searches using the exact party name, docket, citation, date and appeal/review/stay terms, including official Delhi High Court and Supreme Court domains, did not identify a later order directly staying, reviewing or reversing this common judgment. This does not establish the absence of an unindexed filing, a connected-case order, a statutory appeal or a Supreme Court proceeding. The other nineteen individual dockets were not exhaustively checked.

The Supreme Court's 24 January 2025 order in *Union of India v. Shantanu Sanjay Hundekari*, SLP(C) Diary 55427/2024, was independently read: it dismissed the Revenue's petitions while expressly keeping the questions concerning Sections 122(1A) and 137 open. It predates Parag Garg and is not appellate approval of this judgment. No fresh clearance of later Hundekari proceedings or of all conflicting authorities is claimed.

Scope of source review

All 39 original pages were fully read and individually viewed. Physical pp. 1-7 contain captions/appearances; paragraphs 1-59 occupy pp. 8-39. The official exact-case party/status result and complete two-entry order list were read. Notification 92/2020-Central Tax was read and visually inspected in full, one page. The Supreme Court Hundekari order dated 24 January 2025 was read and individually viewed in full, three pages. India Code's current CGST compilation was checked through targeted web-extracted text at physical pp. 97-99 and 103-104, including Section 122(1A), its amendment footnote and the Section 132 amendment context. Direct local download timed out; screenshot attempts returned

references without usable images. No complete or visual current-Act review is claimed. Other precedents are described only as treated by this Bench; no full independent review of them is claimed.

Source notes

The image-only neutral citation 2026:DHC:8390-DB is confirmed visually and by the official order index. Caption lead W.P.(C) 13883/2026 differs from the three analytical lead cases identified in paragraph 4; their facts and amounts are carefully confined. The nineteen other captioned petitions are recorded in the source; this common document counts once. Pronouncement and upload were 29 September 2026; reservation was 21 September 2026.

Paragraph 16 calls the Supreme Court matter SLP(C) No.55427/2024; the primary Supreme Court order identifies it as SLP(C) Diary No.55427/2024. This note uses the primary order's designation. Paragraph 16 describes an earlier Amit Manilal Haria order as interim while paragraphs 14 and 51 discuss its reasoning and cite a 2026 reporter reference; that chronology has not been independently resolved, and no unsupported declaration of its final appellate status is made.

Reproduced statutory passages and parties' allegations are distinguished from findings. The original's uneven character spacing and signature overlay remain part of the official source; substantive text is legible. Cryptographic signature validity was not tested.

Primary source

Source description: Complete official 39-page common judgment; all pages read and individually viewed. Fresh official PDF is byte-identical to the retained original.

Official source: [Open source document](#)

Source pages: 39

Judgment author: Anil Kshetarpal, J.

Outcome type: final high court statutory interpretation with appeal liberty

Additional source

CBIC Notification 92/2020-Central Tax, 22 December 2020

Official source: [Open source document](#)

Pinpoint: Complete one-page notification: Finance Act 2020 Sections 126 and 127 commenced on 1 January 2021.

India Code: CGST Act, official compilation as at 11 June 2026

Official source: [Open source document](#)

Pinpoint: Targeted web text, physical pp. 97-99: Section 122 and Section 122(1A) commencement footnote; pp. 103-104: Section 132 amendment and present wording. No whole-Act or visual review.

Supreme Court: Union of India v. Shantanu Sanjay Hundekari, SLP(C) Diary 55427/2024, 24 January 2025

Official source: [Open source document](#)

Pinpoint: All three pages; paragraphs 4-8 identify Sections 122(1A)/137 questions, dismiss the SLPs and expressly leave the questions of law open. Earlier authority, not later treatment of Parag Garg.

Delhi High Court official case-number order search

Official source: [Open source document](#)

Pinpoint: W.P.(C) 13883/2026, checked 13 October 2026: exact party/status result and two listed orders ending 29 September 2026; no exhaustive connected-case or Supreme Court clearance.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official judgment and identified primary sources. No human legal review is claimed.

General disclaimer: For professional information only; not legal advice. Read the full judgment and applicable law, verify current appellate orders and obtain case-specific professional advice before acting.

©AKHB & Associates. This copyright notice applies to the original AKHB research note, analysis and presentation. It does not assert ownership of the judicial orders, judgments, legislation, circulars or other third-party source material. Rights in those sources remain with their respective rights holders, as applicable.

Source checked: 13 October 2026

Reserved date: 21 September 2026