

The State of Uttar Pradesh & Ors. v. M/s Kay Pan Fragrance Pvt. Ltd.

Case number: Civil Appeal Nos. 8941, 8942 and 8944 of 2019, arising from SLP (C) Nos. 25291, 25292 and 27609 of 2019

Citation: Order dated 22 November 2019; no separate reporter or neutral citation verified

Decision date: 2019-11-22

Section 67 seizure and release of goods; compliance with statutory bond, security and payment mechanisms

Court: Supreme Court

Bench: A.M. Khanwilkar and Dinesh Maheshwari, JJ.

Decision stage: Final common reasoned order disposing of connected appeals and directing fresh statutory release processing

01 Facts

The common order concerns three connected civil appeals and a wider set of comparable Allahabad High Court writ matters identified in the State's affidavit. The State challenged interim directions requiring release of seized goods against security other than cash or a bank guarantee, or an indemnity bond equal to tax and penalty. According to the record, writ petitions were then being treated as infructuous after the goods were released. The Supreme Court's earlier order of 16 September 2019 had objected to allowing withdrawal in a way that made pending State challenges ineffective. The Court was also shown a later High Court approach invoking section 67(8) and rule 141 for perishable or hazardous goods. In the assessee-side appeal, the underlying prayers included quashing the seizure order dated 25 July 2019 and panchnamas dated 19 July 2019, declaring the search and seizure void and obtaining release without security. The central question was whether release directions could depart from the mechanism prescribed by section 67 and the applicable Rules.

Pinpoint: Unnumbered signed order, official PDF pages 1-5. The earlier order is quoted on page 2; the later High Court order is quoted on page 3; assessee prayers appear on pages 4-5.

02 Court Discussion

The Court accepted that the Act and Rules provided a complete mechanism for release and disposal of seized goods and considered that the High Court should have been slow to entertain these petitions and issue inconsistent release directions. For consistency, the assessees should have been sent to the competent authority to comply with section 67 and the applicable release rules. The order reproduces the statute and distinguishes the available routes. Section 67(6) provides provisional release on a bond and prescribed security, or on payment of the applicable tax, interest and penalty, as the case may be. Rule 140, as quoted, requires a bond for the value of the goods and bank-guarantee security equivalent to the applicable tax, interest and penalty. Rule 141 separately addresses seized perishable or hazardous goods: payment of the lower of market value or the tax, interest and penalty that is or may become payable leads to release; failure to pay permits disposal and adjustment of proceeds. The Court rejected the departures embodied in the challenged High Court orders, including relieving the assessees from the applicable cash-payment requirement in the manner attempted there. Its reasoning requires adherence to the appropriate statutory route, not an invented single security formula for every seizure. The Court did not adjudicate each assessee's ultimate tax liability or each alleged defect in the search on its facts.

Pinpoint: Unnumbered signed order, official PDF pages 4-9. Section 67(6) is reproduced on page 6; rules 140-141 on page 8; the Court's application and rejection of inconsistent relief on page 9.

03 Decision

The authorities were directed not to give effect to High Court orders contrary to the stated statutory provisions. Instead they were to process the concerned assessee's release claims afresh under section 67 and the relevant Rules, calling upon every assessee to complete the prescribed formalities and disregarding any deviating High Court direction. This was to be done within four weeks without exception. The Court treated inconsistent orders in the cases referred to in the State's affidavit, and the described related fresh cases concerning the subject matter, as set aside or modified in those terms. The pending writ petitions listed in that affidavit were deemed disposed of accordingly. The common order was expressly designed to cover the relevant-period seizures in that litigation group and avoid inconsistent orders and multiple appeals. All three appeals and pending applications were disposed of. This was fresh processing of release claims under the statute, not a direction to adjudicate every tax dispute against the assessee.

Pinpoint: Unnumbered signed order, official PDF pages 9-10; record of proceedings, pages 11-12.

04 In Favour Of

State / Revenue on statutory release safeguards; assessee's release claims to be processed afresh under the Act and Rules

In favour of the State / Revenue on insisting upon the statutory release conditions and displacing inconsistent High Court directions. The assessee retained the statutory routes to release, to be processed afresh by the competent authority. The result is a final common appellate disposal with procedural directions; it is not a universal finding that all GST searches, seizures or demands are lawful, or a final merits determination of every connected assessee's liability.

Pinpoint: Unnumbered signed order, official PDF pages 4-5 and 9-10.

05 AKHB REVIEW POINT

AKHB REVIEW POINT: First identify whether the goods were seized under section 67 and which release route actually applies. Prepare the bond, security or payment papers required by that route and distinguish the bond's goods-value amount from rule 140's tax, interest and penalty security. For perishable or hazardous goods, examine the separate rule 141 requirements rather than assuming an ordinary provisional-release formula. A request for exceptional writ relief should explain a genuine legal or procedural defect and should not simply seek to replace statutory safeguards with a more convenient indemnity arrangement. This order does not eliminate judicial review in every GST case and should not automatically be transplanted to a different statutory detention regime. Its four-week direction was a case-specific 2019 compliance direction, not a fresh rolling deadline available in every later case. A later official ROP dated 30 January 2020 in MA Diary No. 2410 of 2020 only directed listing on 7 February 2020; it supplies no verified modification, stay or final resolution of the original directions.

Pinpoint: AKHB analysis based on the signed order, official PDF pages 4-10; later ROP dated 30 January 2020, page 1.

Sources and limitations

Relevant provisions

Central Goods and Services Tax Act, 2017: section 67, particularly subsections (2), (6), (8) and (9), as reproduced and applied in the order

Central Goods and Services Tax Rules, 2017: rules 140 and 141, as reproduced in the order

Constitution of India: High Court writ jurisdiction considered in relation to the prescribed release mechanism

Statutory note

The note reports section 67 and rules 140-141 as reproduced and applied in November 2019. It separates provisional release under section 67(6) and rule 140 from the perishable or hazardous goods procedure under section 67(8) and rule 141. It does not certify the present text of every rule or extend the case automatically to section 129 transport detention. The quantum and form of a current release application must be verified against the applicable statutory version and the facts.

Treatment note

Original common order and the 30 January 2020 MA listing ROP checked on 12 October 2026. The later ROP identifies MA Diary No. 2410 of 2020 in Civil Appeal No. 8941 of 2019 and lists it for 7 February 2020. Its eventual outcome and any intervening or subsequent modification remain unverified; no present stay or modification is inferred from a listing. No comprehensive current-treatment check has been completed. This AI-assisted AKHB research note is based on identified primary material; it is not evidence of human legal review and is not a substitute for professional advice on a particular case.

Scope of source review

Complete 13-page official PDF read: signed common order on pages 1-10, record of proceedings on pages 11-12, and a final page containing only the printed page number 13. The signed order has no numbered paragraphs, so references use PDF pages. The common cover identifies all three appeal numbers and originating SLPs; the signature page verifies the bench and 22 November 2019 date. The separate two-page official PDF dated 30 January 2020 was also read, consisting of the MA listing ROP and a blank trailing page. Later source: https://api.sci.gov.in/supremecourt/2019/35304/35304_2019_6_802_20175_Order_30-Jan-2020.pdf

Primary source

Source description: Supreme Court of India official common signed order dated 22 November 2019 and accompanying record of proceedings

Official source: [Open source document](#)

AKHB source PDF: [Open source document](#)

Judges: A.M. Khanwilkar; Dinesh Maheshwari

Outcome type: final

Disclosures and source rights

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