

The Assistant Commissioner of State Tax & Ors. v. M/s Commercial Steel Limited

Case number: Civil Appeal No. 5121 of 2021, arising out of SLP (C) No. 13639 of 2021, Diary No. 11555 of 2020

Citation: Judgment dated 3 September 2021

Decision date: 2021-09-03

GST detention disputes: statutory appeal and exceptions to the alternative-remedy rule in writ proceedings

Court: Supreme Court

Bench: D.Y. Chandrachud, Vikram Nath and Hima Kohli, JJ.

Decision stage: Final judgment on the alternative-remedy objection; underlying tax merits left open

01 Facts

The dispute arose from detention of an iron-and-steel consignment purchased from a Karnataka dealer under an invoice dated 11 December 2019. The truck was intercepted at Jeedimetala on 12 December 2019 although the invoice named Balanagar, Telangana, as the delivery destination. The State authorities alleged that passing the stated destination indicated an attempt to sell locally while evading CGST and SGST. An order of detention in Form GST MOV-06 was issued and a notice was served on the person in charge of the vehicle. The taxpayer paid tax and penalty, following which the goods and vehicle were released on 13 December 2019. It challenged the detention and the notice in a writ petition rather than pursuing the section 107 appeal. The Telangana High Court held that the alleged possibility of a local sale was insufficient and considered it possible that the driver had lost his way. It directed refund of Rs. 4,16,447 with 6% annual interest from 13 December 2019, directed the State to consider disciplinary proceedings against the Assistant Commissioner and imposed Rs. 25,000 costs on that officer. The State authorities appealed. Before the Supreme Court the taxpayer defended the High Court's relief and alleged that collection had occurred under duress; the Supreme Court did not finally determine that allegation or the alleged tax evasion.

Pinpoint: Paragraphs 2-9; official PDF pages 1-4. The High Court relief is set out in paragraphs 3 and 7; the detention and payment sequence appears in paragraphs 4-6.

02 Court Discussion

The Court held that section 107 supplied a statutory appellate remedy. It expressly recognised that the existence of an alternative remedy is not an absolute bar to a writ petition under Article 226. It identified exceptional circumstances involving breach of fundamental rights, violation of natural justice, excess of jurisdiction, or a challenge to the validity of the statute or delegated legislation. None was established in this case. In particular, the Court found no natural-justice violation on the record before it, because notice had been served on the person in charge of the conveyance. The factual assessment belonged before the appellate authority. Although the Court criticised the High Court's assessment as proceeding on surmises, it expressly refrained from observations on the merits because the taxpayer was being relegated to the statutory remedy. The reasoning therefore concerns when writ intervention was inappropriate in this particular detention dispute; it does not establish that every GST writ petition is barred or that the State's allegations of diversion and evasion were proved.

Pinpoint: Paragraphs 10-12; official PDF pages 4-7. The statutory text is reproduced in paragraph 10; the alternative-remedy rule and four exceptions are in paragraph 11, page 6; the case-specific application and reservation of merits are in paragraph 12, pages 6-7.

03 Decision

The Supreme Court allowed the State authorities' appeal, set aside the High Court's order and dismissed the taxpayer's writ petition. Consequently, the refund, interest, costs and disciplinary-consideration directions made by the High Court did not survive that order. The Court preserved the taxpayer's ability to pursue appropriate remedies available under section 107 against the State's action. Pending applications were disposed of. This was a final disposal of the Supreme Court appeal on the alternative-remedy ground, not a final adjudication that the detention, tax or penalty was substantively lawful. It was also not a remand order directing a merits decision by the High Court. The operative text did not grant a specific extension of the statutory appeal period or direct a refund on the merits.

Pinpoint: Paragraphs 12-14; official PDF page 7. The attached Record of Proceedings confirms the appeal was allowed in terms of the signed reportable judgment, official PDF page 9.

04 In Favour Of

State tax authorities on the alternative-remedy/procedural issue; taxpayer's section 107 remedies preserved and underlying merits left open

In favour of the State tax authorities on the procedural question: the High Court's relief was reversed because the taxpayer should pursue the statutory remedy in the circumstances established. The taxpayer retained liberty to use remedies available under section 107. The merits of the detention and the demand remained open. Describing this simply as a Revenue win on the legality of the tax or penalty would overstate the decision; describing it as a refund victory for the taxpayer would reverse the actual operative outcome.

Pinpoint: Paragraphs 11-13; official PDF pages 6-7.

05 AKHB REVIEW POINT

AKHB REVIEW POINT: At the start of a GST detention dispute, identify the appealable decision, its communication date, the available section 107 remedy and the governing filing and pre-deposit requirements. Preserve invoices, transport documents, detention papers, proof of service, payment records and the evidence bearing on the route or delivery dispute. If immediate writ relief is sought, connect the actual record to a recognised exception rather than relying only on disagreement with the officer's factual inference. This judgment's finding about notice is case-specific; it is not a rule that serving any document invariably cures every natural-justice defect. Allegations that a driver lost the route, that a consignment was diverted or that payment was coerced require evidentiary assessment. Do not read the Court's reservation of merits as approval of the demand. Likewise, liberty to pursue an available appeal should not be treated as an unstated waiver of limitation, condonation limits or other statutory requirements. Check the legislation and commencement provisions applicable to the relevant order and filing date instead of copying monetary thresholds or pre-deposit provisions from this historical judgment. This note does not certify the current statutory text or subsequent treatment of the decision.

Pinpoint: AKHB analysis based on paragraphs 4-13; official PDF pages 2-7, especially paragraphs 11-13 on pages 6-7.

Sources and limitations

Relevant provisions

Constitution of India: Article 226 (High Court writ jurisdiction)

Central Goods and Services Tax Act, 2017: section 107 (statutory appeal to the Appellate Authority)

Integrated Goods and Services Tax Act, 2017: section 20 (identified in the account of the challenged notice)

Central Goods and Services Tax Act, 2017: section 129(3), referenced within the section 107 text reproduced by the Court

Statutory note

Historical-period qualification: the detention occurred in December 2019 and the Supreme Court decided the appeal on 3 September 2021. Section 107 is reproduced in paragraph 10, but this note relies on the alternative-remedy holding rather than certifying the commencement, historical application or current amount of every statutory threshold in that quotation. The governing version of sections 107 and 129, relevant commencement notifications, limitation requirements and pre-deposit rules must be checked for the particular order and appeal. No comprehensive later-amendment audit has been completed.

Treatment note

Primary judgment and appended Record of Proceedings verified on 12 October 2026. No comprehensive search for later judgments, review orders, legislative changes or current applicability has been completed; current precedential treatment is not certified. This is an AI-assisted source-based AKBH research note for general information, not evidence of human legal review and not a substitute for professional advice on specific facts.

Scope of source review

Complete nine-page official PDF: signed judgment on pages 1-7, paragraphs 1-14, followed by the Record of Proceedings on pages 8-9. The signed judgment's cover names the respondent M/s Commercial Steel Limited; the attached Record of Proceedings names M/s Commercial Steel Company, while paragraph 4 describes a proprietary concern. This note uses the signed-judgment title and discloses the source's naming discrepancy rather than silently changing it. Case number checked on page 1 and bench/date on page 7 and page 8. The 8 September 2021 digital-signature timestamp is not the decision date. No unverified reporter or neutral citation is supplied.

Primary source

Source description: Supreme Court of India official signed judgment dated 3 September 2021, with Record of Proceedings

Official source: [Open source document](#)

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

Judges: D.Y. Chandrachud; Vikram Nath; Hima Kohli

Outcome type: final procedural

Disclosures and source rights

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