

Vardan Associates Pvt. Ltd. v. Assistant Commissioner of State Tax, Central Section & Ors.

Case number: Civil Appeal No. 8302 of 2023, arising out of SLP (C) No. 21079 of 2022 (appeal number verified from official eSCR metadata; blank in this signed cover)

Citation: 2023 INSC 1087

Decision date: 2023-10-31

Expired e-way bill and detained capital machinery: individual penalty reduction under Article 142; expressly not precedent

Court: Supreme Court

Bench: Hima Kohli and Ahsanuddin Amanullah, JJ.

Decision stage: Final, expressly non-precedential Article 142 order confined to quantum of penalty

Express precedential limitation

EXPRESSLY NOT PRECEDENT: Paragraph 20 states that this order was passed under Article 142 and shall not be treated as a precedent. The Court confined its consideration to the quantum of penalty. The 50% reduction is individual relief and does not create a general rule for expired e-way bills, own capital goods or interstate stock transfers.

01 Facts

Vardan, a drilling contractor working on GAIL projects, arranged movement of its approximately 68-tonne XCMG HDD machine from an earlier site at Auraiya, Uttar Pradesh to Durgapur, West Bengal. The judgment treats the machine as the appellant's capital goods. An e-way bill was generated on 30 May 2019 and remained valid until 9 June 2019; the consignment was intercepted on 17 June after that validity had expired. Detention and section 129 proceedings followed. The tax authority confirmed Rs.54 lakh tax and Rs.54 lakh penalty, totalling Rs.1.08 crore. The appellant made a Rs.5.40 lakh appellate deposit and pursued appeals/writ proceedings, offering security for release. A September 2019 High Court order prescribed cash payment of the tax, cash payment of half the penalty and a bank guarantee for the other half; the challenged writ petition was eventually dismissed on 2 August 2022. Vardan said the carrier had not supplied a vehicle in time or told it of the delay, and stressed that it owned the machinery and was transferring it between work sites. The Supreme Court's notice, as recorded in paragraph 17, had been confined to the quantum of penalty.

Pinpoint: Paragraphs 3-12, official PDF pages 1-7; limited scope confirmed in paragraph 17, page 9.

02 Court Discussion

The Court expressly dealt only with penalty quantum and ultimately invoked Article 142, stating that the order must not be treated as precedent. It did not absolve the appellant of the responsibility to generate a fresh e-way bill when the goods had not been moved within the earlier bill's validity. It nevertheless considered the undisputed ownership and use of the machine for the appellant's contracts in two States, and the absence of evidence that the consignment was to be sold or used for another party. An e-way bill had originally been generated. Those circumstances persuaded it to reduce the financial burden in the interests of justice. The appellant's contention that an inter-unit capital-goods transfer should not attract

GST was a submission; the Court did not adopt it as a general exemption. Nor did it endorse the respondent's description of an e-way bill as itself exempting payment of tax. Its restricted and expressly non-precedential disposition must control how the reasoning is used.

Pinpoint: Paragraphs 10-18, official PDF pages 5-10; Court's own reasoning at paragraphs 17-18, pages 9-10; Article 142 and non-precedent limitation at paragraph 20, page 10.

03 Decision

The Rs.54 lakh tax was upheld. The penalty was reduced from Rs.54 lakh to Rs.27 lakh, bringing the total to Rs.81 lakh. That amount, subject to payments already made, was to be deposited with the concerned authority on or before 29 February 2024. Upon payment, the transportation vehicle and the consignment were to be released expeditiously to their rightful owners. The appellant was cautioned to be vigilant in future. The appeal and pending application were disposed of, expressly under Article 142 and without precedential effect. The order did not require payment of an additional Rs.81 lakh on top of all prior deposits, and the original payment deadline is historical rather than a new or continuing deadline announced by this note.

Pinpoint: Paragraphs 19-20, official PDF page 10.

04 In Favour Of

Vardan on individualized penalty reduction; full tax upheld and release conditional on payment; Article 142 order expressly not precedent

Mixed, individual relief: Vardan benefited from a Rs.27 lakh reduction in penalty and a release direction conditional on the required payment. The Revenue retained the entire Rs.54 lakh tax and the reduced Rs.27 lakh penalty. This was not full cancellation of the detention liability, an unconditional goods-release order or a general taxpayer entitlement to a 50% penalty concession. The express Article 142/non-precedent restriction remains central to the result.

Pinpoint: Paragraphs 17-20, official PDF pages 9-10.

05 AKHB REVIEW POINT

AKHB REVIEW POINT: Label this decision as individual, expressly non-precedential Article 142 relief wherever it is summarised or cited. It cannot establish an automatic half-penalty rule, a general exemption for movement of one's own machinery, or a universal requirement to prove intent before every detention penalty. For a live movement or dispute, verify the applicable statutory version and e-way-bill rules, record actual dispatch and interception times, keep carrier communications and evidence of ownership/use, and distinguish a tax liability challenge from a penalty-quantum request. Reconcile all payments before advising on the balance and examine the actual release order and compliance record. The 29 February 2024 deadline and release condition were specific to this case. The judgment alone does not prove that payment was made, the machine was released or later relief was granted.

Pinpoint: AKHB analysis based on paragraphs 5-12 and 17-20, official PDF pages 2-7 and 9-10; no precedent is asserted contrary to paragraph 20.

Sources and limitations

Relevant provisions

Constitution of India: Article 142; express non-precedent qualification in paragraph 20

Central Goods and Services Tax Act, 2017: sections 2(19), 129(1) and 129(3), as applied to the 2019 movement

West Bengal Goods and Services Tax Act, 2017: section 129, including the provisional-release provision referred to in paragraph 8

Integrated Goods and Services Tax Act, 2017: section 20

Statutory note

The events occurred in May-June 2019, so the tax/penalty structure described is historical. This note does not transfer those figures or formulas to the current version of section 129. Paragraph 8 labels its appellate-deposit reference section 107(6), IGST Act; that source wording is not silently presented as an accurate standalone IGST provision. The note records the deposit as a procedural fact rather than resolving that reference or giving a current appeal-deposit rule. The Court restricted its consideration to penalty quantum and expressly withheld precedential effect.

Treatment note

EXPRESSLY NOT PRECEDENT: Paragraph 20 states that this order was passed under Article 142 and shall not be treated as a precedent. The Court confined its consideration to the quantum of penalty. The 50% reduction is individual relief and does not create a general rule for expired e-way bills, own capital goods or interstate stock transfers. Complete official original and eSCR identity metadata checked on 12 October 2026. No comprehensive subsequent-treatment, review/clarification, payment or release-compliance check has been completed. The note does not assert that the historical payment condition was fulfilled or describe the goods as currently detained. This AI-assisted AKHB research note is based on identified primary material. It does not evidence human legal review and is not a substitute for professional advice on the facts of a particular case.

Scope of source review

Complete ten-page official reportable order read, opening grant of leave and paragraphs 2-20. The signed cover supplies SLP (C) No. 21079/2022 and neutral citation 2023 INSC 1087 but leaves the civil appeal number blank; official eSCR metadata identifies Civil Appeal No. 8302/2023. Bench and decision date, 31 October 2023, verified on page 10. The digital-authentication stamp on page 1 is dated 2 January 2024; it is not substituted for the decision date. Paragraphs 17-20 were also visually inspected for the scope, amount, deadline and non-precedent restriction.

Primary source

Source description: Supreme Court of India official signed order dated 2023-10-31

Official source: [Open source document](#)

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

Judges: Hima Kohli; Ahsanuddin Amanullah

Outcome type: mixed

Disclosures and source rights

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