

**Government of Karnataka**  
**(Department of Commercial Taxes)**

No. KSA/GST/CR-108/2017-18

Office of the Commissioner of Commercial Taxes  
Vanijya Therige Karyalaya, Gandhinagar,  
Bengaluru-560009, Dated: 17-09-2018

**COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST-05/2018-19**

Subject: Modification of the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances, as clarified in CCT Circular No. GST-02/2018-19 dated 16.04.2018 - regarding

Attention is invited to CCT Circular No. GST-02/2018-19 dated 16<sup>th</sup> April, 2018 vide which the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances was specified.

2. In order to clarify certain issues regarding the specified procedure in this regard and in order to ensure uniform implementation of the provisions of the Karnataka Goods and Services Tax Act, (hereinafter referred to as 'the KGST Act'), in exercise of the powers conferred under section 168(1) of the KGST Act, the following modifications are hereby issued to the said Circular:-

- (i) In para 2 (e) of the said Circular, the expression "three working days" may be replaced by the expression "three days";
- (ii) The statement after paragraph 3 in FORM GST MOV-05 should read as: "In view of the above, the goods and conveyance(s) are hereby released on (DD/MM/YYYY) at AM/PM."

3. Further, it is stated that as per rule 138C (2) of the Karnataka Goods and Services Tax Rules, 2017, (hereinafter referred to as 'the KGST Rules'), where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State or Union territory, no further physical verification of the said conveyance shall be carried out again in the State, unless a specific information relating to evasion of tax is made available subsequently. Since the requisite FORMS are not available on the common portal currently, any action initiated by the central tax officers is not being intimated to the State tax officers and vice-versa, doubts have been raised as to the procedure to

be followed in such situations.

(i) In this regard, it is clarified that the hard copies of the notices/orders issued in the specified FORMS by a tax authority may be shown as proof of initiation of action by a tax authority by the transporter/registered person to another tax authority as and when required.

(ii) Further, it is clarified that only such goods and/or conveyances should be detained/confiscated in respect of which there is a violation of the provisions of the GST Acts or the rules made thereunder.

Illustration: Where a conveyance carrying twenty-five consignments is intercepted and the person-in-charge of such conveyance produces valid e-way bills and/or other relevant documents in respect of twenty consignments, but is unable to produce the same with respect to the remaining five consignments, detention/confiscation can be made only with respect to the five consignments and the conveyance in respect of which the violation of the Act or the rules made thereunder has been established by the proper officer.

4. Now, various representations have been received regarding imposition of penalty in case of minor discrepancies in the details mentioned in the e-way bill although there are no major lapses in the invoices accompanying the goods in movement. The matter has been examined. In order to clarify this issue and to ensure uniformity in the implementation of the provisions of the law, in exercise of powers conferred under section 168 of the KGST Act, the said issue is hereby clarified hereunder.

5. Section 68 of the KGST Act read with rule 138A of the KGST Rules, requires that the person in charge of a conveyance carrying any consignment of goods of value exceeding Rs 50,000/- should carry a copy of documents viz., invoice/bill of supply/delivery challan/bill of entry and a valid e-way bill in physical or electronic form for verification. In case such person does not carry the mentioned documents, there is no doubt that a contravention of the provisions of the law takes place and the provisions of section 129 and section 130 of the KGST Act are invocable. Further, it may be noted that the non-furnishing of information in **Part B of FORM GST EWB-01** amounts to the e-way bill becoming not a valid document for the movement of goods by road as per Explanation (2) to rule 138(3) of the KGST Rules, except in the case where the goods are transported for a distance of upto fifty kilometres within the State to or from the place of business of the transporter to the place of business of the consignor or the consignee, as the case may be.

6. Whereas, section 129 of the KGST Act provides for detention and seizure of goods and conveyances and their release on the payment of requisite tax and penalty in cases where such goods are transported in contravention of the provisions of the KGST Act or the rules made thereunder. It has been informed that proceedings under section 129 of the KGST Act are being

initiated for every mistake in the documents mentioned in para 5 above. It is clarified that in case a consignment of goods is accompanied by an invoice or any other specified document and not an e-way bill, proceedings under section 129 of the KGST Act may be initiated.

7. Further, in case a consignment of goods is accompanied with an invoice or any other specified document and also an e-way bill, proceedings under section 129 of the KGST Act may not be initiated, *inter alia*, in the following situations:

- a) Spelling mistakes in the name of the consignor or the consignee but the GSTIN, wherever applicable, is correct;
- b) Error in the pin-code but the address of the consignor and the consignee mentioned is correct, subject to the condition that the error in the PIN code should not have the effect of increasing the validity period of the e-way bill;
- c) Error in the address of the consignee to the extent that the locality and other details of the consignee are correct;
- d) Error in one or two digits of the document number mentioned in the e-way bill;
- e) Error in 4 or 6 digit level of HSN where the first 2 digits of HSN are correct and the rate of tax mentioned is correct;
- f) Error in one or two digits/characters of the vehicle number.

8. In case of the above situations, penalty to the tune of Rs. 500/- each under section 125 of the KGST Act and the Central Goods and Services Tax Act should be imposed (Rs.1000/- under the Integrated Goods and Services Tax Act) in **FORM GST DRC-07** for every consignment. A record of all such consignments where proceedings under section 129 of the KGST Act have not been invoked in view of the situations listed in paragraph 7 above shall be sent by the proper officer to his controlling officer on a weekly basis.

9. It is informed to all concerned that the above instructions shall be followed scrupulously.

  
(SRIKAR M.S.)

Commissioner of Commercial Taxes  
(Karnataka), Bengaluru

To,

All the Departmental Officers in the State