THE POWER OF BEING UNDERSTOOD

RSM India Newsflash – GST Quarterly Digest [April 2026 to June 2026]

Newsflash
Indirect Taxes Quarterly Digest
[April 2026 to June 2026]

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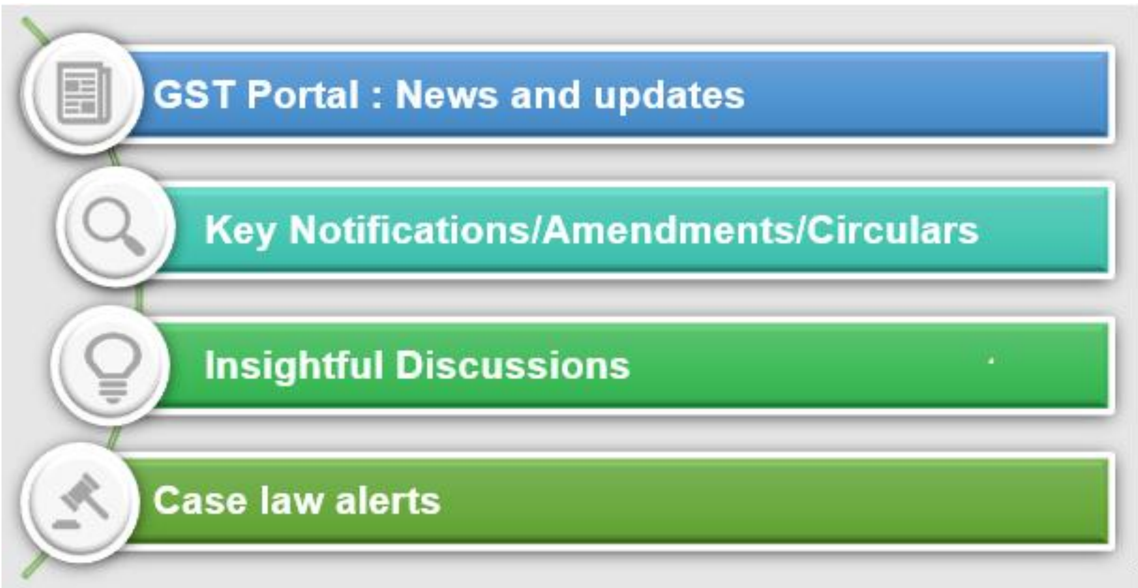
QUARTER AT A GLANCE

We are pleased to present the **Indirect Taxes Quarterly Digest**, summarizing the significant amendments, clarifications, case laws, notifications and circulars released during **April 2026 to June 2026**. The report incorporates key highlights under the Indirect Tax, providing a concise overview of the important updates during this period.



GST Portal related updates

Changes related to e-waybill

GST e-Way Bill System Update: Mandatory Ship-to GSTIN Validation and Voluntary e-Way Bill Closure from 1 August 2026

The **Goods and Services Tax Network (GSTN)** has introduced **two significant enhancements** to the **e-Way Bill ecosystem**, effective **1 August 2026**. While these changes do not alter the substantive provisions of the GST law, they introduce **important system-level validations** that will impact businesses using **ERP systems, GSP/ASP platforms, private IRPs and API-based integrations**.

The first enhancement introduces **mandatory validation of the Ship-to GSTIN** in specified **Bill-to/Ship-to** transactions, while the second introduces a **voluntary e-Way Bill Closure facility** to record completion of goods movement.

1. Mandatory Ship-to GSTIN validation in Bill-to/Ship-to transactions

One of the most significant changes is the **mandatory capture and validation of the Ship-to GSTIN** wherever **Ship-to details are provided and e-Way Bill generation is required**.

In a typical **Bill-to/Ship-to arrangement**, where goods are invoiced to one party but delivered to another, taxpayers will now be required to capture the **GSTIN of the actual consignee (Ship-to party)**. Where the consignee is **unregistered**, the value **"URP" (Unregistered Person)** must be entered instead.

To strengthen **data integrity**, the system will apply the following validations:

- **The Bill-to GSTIN and Ship-to GSTIN cannot be identical.** In a genuine **Bill-to/Ship-to transaction**, the **Bill-to** and **Ship-to** parties are expected to be **distinct persons**. Identical GSTINs will trigger a **system validation error**.
- **The Ship-to State Code must match the GSTIN**, and the **PIN Code must correspond to that State**. Any inconsistency will prevent successful generation until corrected.

These validations will apply where:

- **e-Invoice and e-Way Bill are generated together**;
- **an e-Way Bill is generated subsequently using the Invoice Reference Number (IRN)**; and
- **Ship-to details are captured for e-Way Bill generation**.

Important exceptions

Exports

For **Export e-Way Bills**, the **Ship-to details, including the GSTIN**, furnished during IRN generation **may be replaced** while generating the e-Way Bill using the IRN. Where no domestic registered Ship-to GSTIN exists, **"URP"** may be used, wherever applicable.

B2B and SEZ supplies

For **B2B and SEZ transactions**, the **Ship-to details** furnished during **IRN generation** generally **cannot be modified** while generating the e-Way Bill.

However:

- where the **Ship-to GSTIN was not provided** during IRN generation, it may subsequently be furnished while generating the e-Way Bill, subject to applicable validations; and
- for **older IRNs** where the **Bill-to** and **Ship-to GSTIN** were identical, the system will continue to generate a **regular e-Way Bill** instead of rejecting the transaction.

2. Voluntary e-Way Bill Closure facility

The second enhancement introduces a **Voluntary e-Way Bill Closure facility**, enabling businesses to formally record completion of the movement of goods once delivery has been completed.

Until now, the portal did not provide any mechanism to indicate that the movement covered under an e-Way Bill had concluded. This facility fills that operational gap by creating a **system-generated record of delivery completion**.

Importantly, the facility is **entirely voluntary** and **does not create any additional compliance obligation**.

An e-Way Bill may be closed by:

- **the Supplier**;
- **the Recipient**;
- **the Transporter** involved in the transaction; or
- **the Driver/Authorised Person** whose mobile number has been linked for closure.

Closure may be carried out:

- **EWB-wise**; or
- **Date-wise**, enabling multiple e-Way Bills generated on a particular date to be closed together.

For **Drivers** and **Authorised Persons**, closure can presently be performed **only through the portal** using **mobile OTP authentication**. At present, **APIs do not support mobile number capture for this purpose**.

For businesses using **API integrations**, the closure request requires only:

- **e-Way Bill Number**;
- **Closure Date**; and
- **Remarks**.

RSM Recommendation

The **mandatory Ship-to GSTIN validation** is much more than a technical enhancement. Businesses should immediately review their **master data**, **ERP configurations**, **invoice workflows**, and **API integrations**, particularly if they frequently undertake **Bill-to/Ship-to transactions**, **drop shipments**, **third-party fulfilment**, **stock transfers**, or **multi-location dispatches**.

Businesses should engage with their **ERP vendors**, **GSPs**, **ASPs**, or **system integrators** to ensure that the revised validations are implemented and tested well before the **1 August 2026** production rollout.

The **Voluntary e-Way Bill Closure facility**, although **not a statutory compliance requirement**, can become a valuable governance tool. By creating an auditable record of delivery completion, it can strengthen **internal controls**, improve **logistics visibility**, and help minimise disputes relating to the movement and receipt of goods.

GSTN Advisory: Annexure-B Offline Utility for ITC Refund Claims

GSTN's advisory dated **18 May 2026** marks a clear process shift for refund applications involving **accumulated Input Tax Credit (ITC)**. Annexure-B, which was earlier commonly uploaded as a **PDF**, must now be prepared through the prescribed **Excel-based Offline Utility** and uploaded in **JSON format** for specified refund categories.

In practical terms, this is no longer a simple attachment exercise. Refund data now needs to be structured, reconciled and validation-ready before filing.

Refund categories covered

The utility applies to refund claims relating to:

- **Export of goods or services without payment of tax**, involving accumulated ITC, excluding electricity;
- **Supplies to SEZ Unit or SEZ Developer without payment of tax**;

- **ITC accumulated due to inverted duty structure** under Section 54(3); and
- **Export of electricity without payment of tax**.

What changes in Annexure-B reporting

The new utility requires data to be reported in a much more granular manner. Annexure-B is structured around:

- **Table 1: Reversal details**; and
- **Table 2: HSN/SAC-wise inward invoice details on which ITC has been claimed in GSTR-3B**.

Entries must be reported **HSN/SAC-wise** and separately classified as **Inputs, Input Services or Capital Goods**. Where a single invoice covers multiple HSN/SAC codes or multiple categories, it should be split into separate line items, with taxable value and tax apportioned appropriately.

Duplicate and validation checks

The system validates entries using a combination of:

Supplier GSTIN + Invoice Number + Invoice Date + Category + HSN/SAC

The same invoice, under the same category and same HSN/SAC, should not be repeated. Duplicate entries under identical parameters are likely to fail validation.

Invoices are also matched against **GSTR-2B**. For periods up to **October 2024**, the system may show a generic "not validated" message, but such documents are treated as validated. For **November 2024 onward**, mismatches are reported through the **Invalid Documents Report**.

Reversal reporting

Reversals under **Rules 38, 42 and 43**, as well as blocked credits under **Section 17(5)**, must be reported in line with the relevant month's **GSTR-3B**.

Where more than one JSON file is uploaded, reversal figures should be reported only in the **last file**. Earlier files should carry zero reversal values. The portal then consolidates the **Net ITC** after all JSONs are uploaded.

File limits and large-volume cases

Each file can contain up to **10,000 line items**, and a refund application can support up to **25 files**, giving an overall ceiling of **2,50,000 line items**.

Where entries exceed this limit, the taxpayer should upload the maximum permissible data through the utility and provide the balance as supporting documents, as permitted by GSTN's current guidance.

Practical points that matter

A few small errors can derail the upload:

- Dropdown values must match exactly; even extra spaces can cause validation failure.
- Do not paste into protected or frozen cells.
- Close older versions of the utility before opening a fresh download.
- Avoid leading or trailing spaces in supplier names, invoice numbers and other fields.
- Do not edit or rename the JSON file after generation. Any correction should be made in the utility, followed by fresh validation and JSON generation.

RSM Views

This change will make refund filings more data-driven and less forgiving of reconciliation gaps. Businesses claiming ITC refunds should now build a clear workflow around **GSTR-2B reconciliation, HSN/SAC mapping, ITC eligibility review, reversal reporting and invoice-level validation** before filing Form **GST RFD-01**.

Article

GST Implications on the Trading of Carbon Credit Certificates

India's Carbon Credit Trading Scheme (CCTS), 2023, notified under the **Energy Conservation (Amendment) Act, 2022**, establishes the regulatory framework for the issuance and trading of **Carbon Credit Certificates (CCCs)** and marks India's transition towards a formal domestic carbon market. The scheme is intended to support the country's climate commitments, including its **Net Zero target by 2070**, by introducing a market-based mechanism for greenhouse gas (GHG) emission reductions. It comprises two distinct components—a **compliance mechanism** for notified obligated entities required to meet prescribed emission intensity targets, and an **offset mechanism** that enables eligible non-obligated entities to generate tradable carbon credits through approved emission reduction projects.

Current GST position

The GST treatment of **Carbon Credit Certificates (CCCs)** is presently not supported by any **specific CBIC circular, notification or judicial precedent** dealing directly with carbon credits under the **Carbon Credit Trading Scheme (CCTS), 2023**. Consequently, the prevailing GST position has evolved through an interpretation of the existing statutory framework, read together with CBIC's guidance on analogous instruments such as **Renewable Energy Certificates (RECs)** and **Priority Sector Lending Certificates (PSLCs)**.

Accordingly, although the broad GST treatment is reasonably well understood, certain aspects, particularly **classification**, **place of supply**, **valuation** and the **availability of input tax credit in specific business scenarios,** continue to be matters of interpretation. As India's domestic carbon market evolves and trading volumes increase, a dedicated clarification from the **GST Council** or **CBIC** would provide greater certainty and promote consistency in tax positions adopted by market participants.

Whether Carbon Credits are Taxable under GST

The threshold issue under the GST framework is whether **Carbon Credit Certificates (CCCs)** constitute **goods** or **services.**

Carbon credits do not qualify as **money** within the meaning of **Section 2(75) of the Central Goods and Services Tax Act, 2017 (CGST Act)**, nor do they fall within the definition of **'securities'** as adopted under the CGST Act from the **Securities Contracts (Regulation) Act, 1956**. Consequently, the prevailing legal view is that carbon credits fall within the residual definition of **'goods'** under **Section 2(52)** of the CGST Act, being movable property other than money and securities.

This position is not based on a specific clarification issued for carbon credits. Rather, it is derived from the principles laid down by the **Central Board of Indirect Taxes and Customs (CBIC)** in Circular No. 34/08/2018-GST dated 1 March 2018, wherein **Priority Sector Lending Certificates (PSLCs)** were held to be **goods** liable to GST and not money or securities. Carbon credits, being comparable tradable regulatory instruments, are generally viewed through the same interpretative framework.

The classification adopted in practice is further supported by **CBIC Circular No. 46/20/2018-GST dated 6 June 2018**, which classified **Renewable Energy Certificates (RECs)** and **PSLCs** under **Heading 4907** of the Customs Tariff. Although no corresponding circular has been issued specifically for **Carbon Credit Certificates**, the prevailing view is that CCCs are appropriately classifiable under the same heading, having regard to their nature as **government-recognised, tradable environmental certificates**. Accordingly, **HSN 4907** has emerged as the generally accepted classification adopted by taxpayers and practitioners.

From a rate perspective, **Heading 4907** presently attracts **GST at 18%**. Prior to **1 October 2021**, instruments such as **RECs** and **PSLCs** were taxable at **12%**. However, pursuant to **Notification No. 8/2021-Central Tax (Rate) dated 30 September 2021**, the applicable GST rate for supplies falling under **Heading 4907** was revised to **18%** with effect from **1 October 2021**. In the absence of any specific rate notification for **Carbon Credit Certificates**, the prevailing view is that **domestic supplies of carbon credits would also be liable to GST at 18%**.

It is pertinent to note that this position is based on **interpretative guidance and analogous treatment**, rather than an express statutory provision or CBIC clarification dealing specifically with **Carbon Credit Certificates**. Until such clarification is issued, taxpayers transacting in carbon credits should evaluate their GST positions in light of the existing legislative framework and the principles emerging from the CBIC circulars on analogous instruments.

Whether the Transfer of Carbon Credits Constitutes a 'Supply'

Once **Carbon Credit Certificates (CCCs)** are regarded as **goods**, their transfer for consideration falls within the scope of **'supply'** under **Section 7 of the CGST Act**.

In essence, a transaction involving carbon credits represents a **transfer of title in movable property** in exchange for consideration. Accordingly, the sale or transfer of carbon credits constitutes a taxable supply unless specifically exempted.

The mode of transfer does not alter this position. Whether carbon credits are traded through a recognised exchange or transferred pursuant to an off-market arrangement, the underlying transaction remains a transfer of goods for consideration and is, therefore, covered within the ambit of **Section 7 of the CGST Act**.

Time of Supply

Since **Carbon Credit Certificates (CCCs)** are generally regarded as **goods**, the provisions relating to the **time of supply of goods** under **Section 12 of the CGST Act** would apply.

Accordingly, GST liability would ordinarily arise at the **earlier of**:

- the **date of issue of the tax invoice**; or
- the **date of receipt of payment**,

subject to the specific provisions of **Section 12** of the CGST Act.

In the case of **exchange-traded carbon credits**, taxpayers should also consider the contractual terms governing the transfer of title and settlement of transactions to ensure that the time of supply is determined in accordance with the applicable statutory provisions.

Export Zero-Rating

Under **Section 16 of the IGST Act**, the export of goods constitutes a **zero-rated supply**. However, in the case of **Carbon Credit Certificates (CCCs)**, while the substantive entitlement may appear straightforward, the procedural framework is less settled.

Where goods are exported on payment of **Integrated GST (IGST)**, **Rule 96 of the CGST Rules** provides that the **shipping bill** filed under the Customs Act is deemed to be the application for refund of IGST, subject to the prescribed conditions, including the filing of the **Export General Manifest (EGM)**. Even where exports are undertaken under a **Letter of Undertaking (LUT)** or **Bond** without payment of IGST, customs documentation continues to play an important role in establishing the export transaction and supporting the refund process.

Valuation

The **CGST Act** does not prescribe any specific valuation mechanism for **Carbon Credit Certificates (CCCs)**. Accordingly, the **general valuation provisions** under **Section 15 of the CGST Act** would apply.

Where the supplier and recipient are **not related**, and the **price is the sole consideration** for the supply, GST would be payable on the **transaction value**, being the price actually paid or payable for the carbon credits.

In the case of **exchange-traded CCCs**, the price discovered on the recognised exchange would ordinarily constitute the **transaction value** for GST purposes. However, transactions involving **related parties**, **barter or exchange arrangements**, or transfers **without monetary consideration** would be required to be valued in accordance with the **CGST Valuation Rules, 2017**.

In the absence of any specific valuation guidance for carbon credits, the general principles under **Section 15** and the **CGST Valuation Rules** would continue to govern the determination of taxable value.

Input Tax Credit (ITC) Implications

The availability of **Input Tax Credit (ITC)** in relation to **Carbon Credit Certificates (CCCs)** would be governed by the general provisions of the **CGST Act**, as no specific provisions currently deal with carbon credit transactions.

From the **supplier's perspective**, the eligibility to avail ITC on goods and services used in generating carbon credits would be subject to the conditions prescribed under **Section 16** of the CGST Act and the restrictions contained in **Section 17**. The extent of credit eligibility would depend on whether the inward supplies can be regarded as being used in the course or furtherance of the taxable supply of carbon credits.

From the **buyer's perspective**, the availability of ITC would depend upon the nature of its outward supplies:

- **Registered persons making wholly taxable supplies** should generally be entitled to avail ITC on the GST charged on the purchase of **Carbon Credit Certificates**, subject to compliance with the conditions prescribed under the CGST Act.
- Where the recipient is engaged in **exempt or non-taxable supplies**, ITC may be restricted in accordance with **Section 17(2)** of the CGST Act and the applicable reversal provisions.

- In the case of **mixed supplies**, proportionate reversal of common credits may be required under **Rules 42 and 43** of the CGST Rules, 2017.

Accordingly, while GST paid on the acquisition of **Carbon Credit Certificates** may be creditable for businesses making taxable outward supplies, it could represent an additional cost for entities with **restricted or limited ITC eligibility**, including those engaged wholly or partly in exempt activities.

The Current Legal Position

The GST treatment of **Carbon Credit Certificates (CCCs)** under the **Carbon Credit Trading Scheme (CCTS), 2023** is presently not supported by any **specific CBIC circular, notification, judicial precedent or Advance Ruling** dealing directly with carbon credits.

Accordingly, the positions discussed above, including the classification of carbon credits as **goods**, their classification under **HSN 4907**, the applicable **GST rate**, the **place of supply**, and the **availability of zero-rating for exports,** are based on the existing statutory framework, read together with the CBIC's guidance on analogous instruments such as **Renewable Energy Certificates (RECs)** and **Priority Sector Lending Certificates (PSLCs)**. This interpretative approach has gained broad acceptance in practice, although it has not yet been tested in the specific context of **Carbon Credit Certificates**.

As discussed earlier, certain aspects, particularly the procedural framework applicable to the export of electronically transferable carbon credits, illustrate the practical challenges that may arise in applying a legislative framework originally designed for conventional goods. These issues do not necessarily alter the underlying GST characterisation of carbon credits but may give rise to interpretational and procedural uncertainties in their implementation.

Given the expected operationalisation of India's domestic carbon market, a **dedicated clarification from the GST Council or the Central Board of Indirect Taxes and Customs (CBIC)** addressing the **classification, valuation, place of supply, export treatment and input tax credit implications** of Carbon Credit Certificates would provide greater certainty and promote a consistent tax position across market participants.

Case Law Analysis

Golden Traders & Batch v. Deputy Assistant Commissioner of State Tax & Anr. — High Court of Andhra Pradesh, W.P.No.541 of 2026 & batch, decided 01.04.2026

Particulars	Details
Applicant / Respondent	Applicants (9 connected petitions): Golden Traders, M/s FM Trading, Al Badar Spices, M/s R.G Traders, M/s Shiva Traders, Iqbal Deen, B J Kumar, Mr. Suresh Kumar, M/s Sreekrishna Traders — traders and vehicle owners/drivers

	whose interstate consignments were intercepted while transiting through Andhra Pradesh. Respondents: Deputy Assistant Commissioner of State Tax, Guntakal Circle, Anantapuramu Division; State of Andhra Pradesh (Revenue Department, Commercial Taxes).
In the Court of	High Court of Andhra Pradesh at Amaravati, Division Bench of Justice R. Raghunandan Rao and Justice T.C.D. Sekhar W.P.Nos. 541, 1756, 3097, 3225, 3227, 3252, 3254, 3258 and 3354 of 2026, common order dated 01.04.2026 (reserved 16.02.2026).
Issue / Grounds of Appeal	• **Whether** an officer appointed as the **'proper officer'** under the **Andhra Pradesh Goods and Services Tax Act, 2017** can exercise powers under **Sections 129 and 130** to **detain, seize or confiscate goods** involved in an **inter-State supply**, where **Andhra Pradesh** is neither the **State of origin** nor the **destination State**, in the absence of a specific statutory provision or notification conferring **cross-empowerment**. • **Whether** the powers conferred under **Sections 129 and 130** extend to examining issues relating to the **valuation and quantification of goods** during **detention proceedings**, or whether such matters are required to be determined only in the course of **regular assessment proceedings** under the **GST law**.
Applicants' Contention	• **Absence of cross-empowerment:** It was contended that **Section 6 of the CGST Act** read with **Section 4 of the IGST Act** does not provide for automatic cross-empowerment of State tax officers. In the absence of a **specific notification** conferring such authority, an officer appointed under the **Andhra Pradesh Goods and Services Tax Act, 2017** could not exercise jurisdiction in respect of goods moving in the course of an **inter-State supply**, where Andhra Pradesh was neither the **State of origin** nor the **destination State**. • **Scope of proceedings under Sections 129 and 130:** It was further submitted that issues relating to the **valuation** or **quantification of goods** fall within the domain of **assessment proceedings** under the GST law and cannot, by themselves, constitute grounds for initiating proceedings under **Sections 129 and 130** relating to detention, seizure or confiscation. • **Compliance with statutory requirements:** In most of the petitions, it was contended that the movement of goods was supported by the

	prescribed **documents under Section 68 of the CGST Act**. It was also submitted that, in certain cases, the goods comprised **perishable agricultural produce**, and prolonged detention would result in significant commercial and financial prejudice.
Department's Contention	It was contended that **Section 6 of the CGST Act**, read with **Section 4 of the IGST Act**, provides for the **cross-empowerment** of officers appointed under the State GST law to exercise powers under the Central and Integrated GST enactments. Accordingly, once an officer is appointed as a **'proper officer'** under the **State GST Act**, no separate notification is required to confer jurisdiction under the **CGST Act** or the **IGST Act**. In support of this proposition, reliance was placed on **subsequent CBIC clarifications**, which, according to the Revenue, clarified the legal position notwithstanding the earlier circulars and notifications relied upon by the petitioners. On this basis, it was argued that the exercise of powers under **Sections 129 and 130** in respect of **inter-State consignments** passing through **Andhra Pradesh** was within the jurisdiction of the State tax authorities.
Judge/Bench's Analysis	• **Cross-empowerment:** The Court held that **cross-empowerment** under **Section 6 of the CGST Act** and **Section 4 of the IGST Act** is **not absolute**. A State tax officer may exercise powers under the **CGST Act** only in respect of taxpayers **administratively assigned** to the State authorities in accordance with **GST Council Circular No. 01/2017**. • **Jurisdiction under the IGST Act:** The Court further held that, in the case of **inter-State supplies**, the power to invoke **Sections 129 and 130** under the **IGST Act** is available only where the State is entitled to a share of the **IGST** under **Section 17**. Consequently, **Andhra Pradesh** could not exercise such powers in respect of consignments merely transiting through the State, where it was neither the **origin** nor the **destination State**. • **Scope of detention proceedings:** The Court held that disputes relating to **valuation**, **undervaluation** or **quantification of goods** cannot, by themselves, justify detention or confiscation under **Sections 129 and 130**. Relying on the decisions of the **Kerala**, **Chhattisgarh**, **Gujarat** and **Allahabad High Courts**, it observed that these provisions are intended to address **blatant contraventions** demonstrating an **intent to evade tax**, such as forged documents, fake registrations or the absence of mandatory e-way bills, and not matters that properly fall within the scope of **assessment proceedings**.

	• **Alleged absence of e-way bill:** In **W.P. No. 3258 of 2026**, the Court found that the department's own records maintained under **Rule 138C** did not support its contention regarding the timing of the inspection. Accordingly, the allegation that the e-way bill had been generated after interception was rejected on the facts of the case.
Order	The High Court **disposed of all the writ petitions** by **setting aside the proceedings initiated under Sections 129 and 130** of the GST Acts against the petitioners. The Court directed the release of the detained goods and conveyances, while leaving it open to the State authorities to **forward the records and samples**, drawn pursuant to the Court's earlier interlocutory order, to the **respective proper officers of the consignors or consignees** for such action as may be warranted in accordance with law. The Court also ordered that **pending miscellaneous petitions shall stand closed**, with **no order as to costs**.
Trade Implications	The ruling is expected to provide greater certainty for businesses engaged in **inter-State movement of goods**, particularly where consignments merely transit through States that are neither the **origin** nor the **destination** of the supply. By limiting the circumstances in which detention and confiscation powers may be exercised, the decision reinforces the distinction between **transit enforcement** and **assessment proceedings**, thereby reducing the likelihood of goods being detained solely on account of valuation-related disputes. The judgment is likely to have particular relevance for businesses operating **pan-India supply chains**, where goods routinely pass through multiple States before reaching their destination. By clarifying that issues such as **undervaluation** or **quantification of goods** should ordinarily be examined during assessment, rather than through proceedings under **Sections 129 and 130**, the ruling may reduce operational disruptions, minimise detention-related costs and improve predictability in the movement of goods. The decision also underscores that the powers under **Sections 129 and 130** are intended to address cases involving **prima facie evidence of tax evasion**, such as the use of **fake or forged documents**, **fake registrations**, or the **absence of mandatory statutory documents**, rather than routine commercial disputes. This distinction is expected to provide greater certainty to taxpayers in managing compliance risks associated with the transportation of goods. That said, the judgment should be viewed in the context of the evolving jurisprudence on **cross-empowerment** under the GST law. As the Andhra

	Pradesh High Court has adopted an approach that differs from the **Madras High Court** in **TVL Vardhan Infrastructure**, businesses operating across multiple jurisdictions should continue to monitor developments until the issue is conclusively settled by the **Supreme Court**.
Tax Officials implications	The decision provides important guidance on the scope of enforcement powers available to **field officers** exercising jurisdiction under **Sections 129 and 130** of the GST law. The Court has clarified that these provisions are intended to address cases involving **clear indicators of tax evasion**, such as the use of **fake or forged documents**, **fake registrations**, or the **absence of mandatory statutory documents**, and should not ordinarily be invoked to resolve disputes relating to **valuation**, **undervaluation** or **quantification of goods**, which are more appropriately dealt with through the assessment process. In relation to **inter-State supplies**, the judgment also narrows the circumstances in which State tax authorities may exercise powers under the **IGST Act**. The Court held that a State officer cannot invoke **Sections 129 and 130** in respect of consignments merely transiting through the State where it has **no entitlement to a share of the IGST under Section 17**. At the same time, the Court recognised that a field officer may initially intercept a vehicle to verify the nature of the transaction and the accompanying documents before determining whether jurisdiction exists. From an administrative perspective, the ruling may necessitate clearer **operational protocols** for determining jurisdiction in cases involving inter-State movement of goods. Greater integration of **taxpayer allocation** and **transactional information** within departmental systems may also assist field formations in avoiding jurisdictional disputes at the interception stage. *(This is an implication arising from the judgment and not an express finding of the Court.)* The Court further observed that where discrepancies are noticed in respect of an **inter-State consignment** falling outside the State's jurisdiction, the appropriate course would be to **forward the relevant records and discrepancies to the jurisdictional proper officers of the consignor or consignee** for such action as may be warranted under law, rather than initiating independent proceedings under **Sections 129 and 130**.
RSM View	The decision provides useful guidance on two distinct aspects of the GST enforcement framework. First, it clarifies the scope of **cross-empowerment** of State tax officers in relation to **inter-State supplies**. Secondly, it reiterates that proceedings under **Sections 129 and 130** are intended to address cases

	involving **prima facie tax evasion**, and not disputes relating to **valuation** or **quantification of goods**, which are more appropriately examined during assessment proceedings. The judgment also contributes to the evolving jurisprudence on **cross-empowerment** under the GST law. While the Andhra Pradesh High Court has linked the exercise of jurisdiction under the **IGST Act** to the scheme of **administrative allocation** and the State's entitlement under **Section 17 of the IGST Act**, the **Madras High Court** in **TVL Vardhan Infrastructure** adopted a different approach by emphasising the absence of a specific notification under **Section 6**. The divergence between the two High Courts indicates that the issue remains open and may ultimately require authoritative determination by the **Supreme Court**. Although the decision in **Armour Security (India) Ltd.** provides guidance on the legislative purpose underlying **Section 6(2)**, it does not directly address the specific question of jurisdiction over goods merely transiting through a State. From a practical perspective, the ruling is likely to provide greater certainty for businesses engaged in **inter-State movement of goods**, particularly where consignments transit through States that are neither the **origin** nor the **destination** of the supply. At the same time, the decision underscores the continued importance of maintaining complete and accurate **transport documentation**, including the prescribed **e-way bills** and related records. The Court's examination of the factual matrix in **W.P. No. 3258 of 2026** demonstrates that while jurisdictional objections may succeed, compliance with the statutory documentation requirements will continue to be closely scrutinised in detention proceedings.

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