



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-07-2026

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THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

**WP No. 18540 of 2022
and WMP.Nos.17882 & 17883 of 2022**

M/s.Chartered Logistics Limited
Rep. by its Manager and its Authorized signatory,
Mr. Manoj Singh, Corporate office, B/501, Stellar,
Opp. Arista, Sindhu Bhavan, Ahmedabad 380 059.

..Petitioner

Vs

1. The State Tax Officer -II (Intelligence)
Adjudication Cell, Vellore.
2. The Deputy Commercial Tax officer
Pattanur Checkpost, Villupuram District.

..Respondents

Prayer : Writ Petition is filed under Article 226 of the Constitution of India praying for issuance of Writ of Certiorari to call for the impugned proceedings of the 1st respondent in GDN. No. 2862/2016-2017 OR No. 144/2016-17 dated 15.11.2021 and the connected form No. 46 Compounding Order dated 15.11.2021 issued in OR No. 144/2016-17 in G.D. No. 2862/2016-2017 and to quash both the proceedings as issued contrary to the provisions of the TNVAT Act, 2006 and also against the principles of natural justice.

For Petitioner:

Mr. P.Rajkumar

For Respondents:

Ms. Amirta Poonkodi Dinakaran
Government Counsel (Tax)



ORDER

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The petitioner is a goods transport agency, which transported goods through the State of Tamil Nadu without obtaining a transit pass under Section 70 of the Tamil Nadu Value Added Tax Act, 2006 (the TNVAT Act). In relation thereto, notice was issued on 11.12.2016 demanding a sum of Rs.2,25,426/-. The petitioner approached this Court by filing W.P.No.44380 of 2016. A conditional order for release of the goods was issued subject to payment of a sum of Rs.75,142/-. Upon payment thereof, the goods were released. The order impugned herein was issued thereafter directing the petitioner to pay a sum of Rs.2,25,426/- and a net sum of Rs.1,50,284/- after giving credit to the sum of Rs.75,142/- paid earlier.

2. Learned counsel for the petitioner submits that the deemed sale under clause (c) of Section 70(1) of the TNVAT Act is subject to rebuttal by the owner or carrier of the goods. In the case at hand, he submits that the petitioner has documentary evidence that the goods were sold in Pudhucherry upon being released and not within the State of Tamil Nadu. Without considering these aspects, he submits that both tax and penalty were imposed under Section 72(1) (a) of the TNVAT Act.



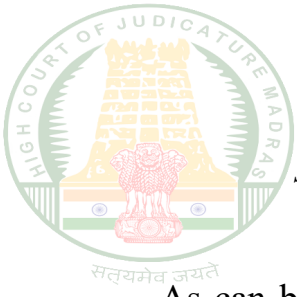
3. Ms. Amirta Poonkodi Dinakaran, learned Government Counsel (Tax), responded to the submissions by pointing out that the petitioner failed to appear upon receipt of notices. Therefore, she submits that the first respondent proceeded on the basis that the goods were sold within Tamil Nadu.

4. Section 70(1)(c) reads as under:

“(c) If the owner or other person in charge of the goods vehicle falls to comply with clause (b), it shall be deemed that the goods carried thereby have been sold within the State by the owner or person in charge of the goods vehicle, and such owner or person in charge of the goods vehicle shall, notwithstanding anything contained in Section 3, be jointly and severally liable to pay tax in accordance with the provisions of this Act, irrespective of the quantum of turnover and also penalty which shall be one hundred and fifty per cent of such tax:

Provided that where the goods carried by such goods vehicle are, after their entry into the State, transported outside the State by any other vehicle or conveyance, the onus of proving that the goods have actually moved out of the State, shall be on the owner or person incharge of the goods vehicle who originally brought the goods into the State.

Explanation.-*In a case where a goods vehicle owned by a person is hired for transportation of goods by some other person, the hirer of the vehicle shall, for the purposes of this*

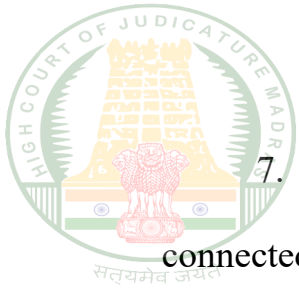


sub-section, be deemed to be the owner of the goods vehicle.”

As can be seen from the proviso to clause (c), the legal fiction that the goods were sold within the State by the owner or person in-charge of the goods is rebuttable if such person provides evidence that the goods were transported outside the State. If the legal fiction is so rebutted, tax and penalty cannot be imposed on the basis of the value of the goods. It may, however, still be possible to impose a penalty for the offence of not obtaining the transit pass.

5. The petitioner has handed over a document indicating *prima facie* that the goods were transported out of the State of Tamil Nadu upon being released pursuant to the orders of this Court. This aspect is required to be verified before fresh orders are passed in the matter. The petitioner has paid a sum of Rs.75,142/- pursuant to the earlier order of this Court.

6. Considering these aspects, re-consideration is warranted. Therefore, the impugned order dated 15.11.2021 is set aside and the matter is remanded to the first respondent for re-consideration. After providing a reasonable opportunity to the petitioner, a fresh order shall be issued within three months from the date of receipt of a copy of this order.



7. The writ petition is disposed of on the above terms. Consequently, connected miscellaneous petitions are closed. There shall be no order as to costs.

02-07-2026

Index : Yes/No

Neutral Citation : Yes/No

KJ

To

1.The State Tax Officer -II (Intelligence)
Adjudication Cell, Vellore.

2.The Deputy Commercial Tax officer
Pattanur Checkpost, Villupuram District.



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WP No. 18540 of 2



SENTHILKUMAR RAMAMOORTHY, J.

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