

High Court Rules No Tax Evasion in Intra-Company (Head office to Branch office or other work site) Transfer of Old Machinery; Sets Aside Penalty

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REFER THE DECISION OF THE HON'BLE ALLAHABAD HIGH COURT IN THE CASE OF

D and D Construction and Developers Company V/s Additional Commissioner, decided on 8-4-2025

Key Issues:

Is the Internal Transfer of an Old Machine from Head Office to Branch Considered Tax Evasion?

The Hon'ble High Court Judgement:

Where the assessee transferred a machine from its head office to its workplace in Uttar Pradesh, and the goods were detained with a penalty imposed under the impugned order on the ground that they were not accompanied by a tax invoice, it was held that the delivery challan clearly indicated the goods were being transferred and not sold. As there was no element of sale or intent to evade tax, no tax evasion could be attributed. **Accordingly, the impugned orders were liable to be quashed.**

Section 129 of Central Goods and Services Tax Act, 2017