



Lawgics

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Section 130 of CGST Act, 2017

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Section 130: Confiscation of goods or conveyances and levy of penalty

Section 130(1)	<p>Where any person—</p> <p>(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or</p> <p>(ii) does not account for any goods on which he is liable to pay tax under this Act; or</p> <p>(iii) supplies any goods liable to tax under this Act without having applied for registration; or</p> <p>(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or</p> <p>(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance,</p> <p>then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122.</p>
Section 130(1) Interpretation	<p><u>Circumstances where goods or conveyance can be confiscated</u></p> <p>The five precise causes for confiscation of goods and/ or conveyances specified in this section are as under:</p> <ul style="list-style-type: none">• Supplying or receiving goods in contravention of the Act or rules made thereunder, resulting in actual evasion of tax• Not accounting for goods which carry the liability of payment of tax• Supply of goods liable to tax, without applying registration• Contravention of the provisions of Act or rules made thereunder with intent to evade payment of tax• Use of conveyance as a means of transport/for carriage of taxable goods in contravention of the Act or rules made thereunder <p>In all the above cases, goods or conveyance shall be liable for confiscation. However the conveyance shall not be confiscated where the owner of the conveyance proves that it is without the connivance of owner himself, his agent or person in charge of the conveyance. Further, the person shall be liable to pay penalty under section 122 of the Act.</p>
Section 130(2)	<p>Whenever confiscation of any goods or conveyance is authorised by this Act, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit:</p> <p>Provided that such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon:</p>

	<p>Provided further that the aggregate of such fine and penalty leviable shall not be less than the penalty equal to hundred per cent. of the tax payable on such goods:</p> <p>Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon.</p>
Section 130(2) Interpretation	<p><u>Fine in lieu of confiscation</u></p> <p>If the goods or conveyance are liable to be confiscated under the provisions of this Act, the proper officer shall give the owner of the goods an option to pay fine in lieu of confiscation. The amount of fine shall not exceed the market value of goods as reduced by the amount of tax payable thereon. However, at the same time aggregate of fine and penalty leviable shall not be less than the penalty equal to 100% of tax payable on such goods.</p> <p>Where the conveyance is used for transportation of goods or passenger on hire, the owner of the conveyance shall be given an option to pay in lieu of confiscation of the conveyance a fine equal to amount of tax payable on the goods transported on his conveyance.</p>
Section 130(3)	Omitted w.e.f. 01-01-2022 vide Notification No. 39/2021-CT, dated 21-12-2021.
Section 130(3) Interpretation	This provision was omitted w.e.f. 01-01-2022 vide Notification No. 39/2021-CT, dt. 21-12-2021.
Section 130(4)	No order for confiscation of goods or conveyance or for imposition of penalty shall be issued without giving the person an opportunity of being heard.
Section 130(4) Interpretation	<p><u>Opportunity of being heard</u></p> <p>The order for confiscation cannot be issued without giving the person an opportunity of being heard.</p>
Section 130(5)	Where any goods or conveyance are confiscated under this Act, the title of such goods or conveyance shall thereupon vest in the Government.
Section 130(5) Interpretation	<p><u>Title of the confiscated goods with the Government</u></p> <p>The title of the confiscated goods or conveyance shall be vested upon the Government.</p>
Section 130(6)	The proper officer adjudging confiscation shall take and hold possession of the things confiscated and every officer of Police, on the requisition of such proper officer, shall assist him in taking and holding such possession.
Section 130(6) Interpretation	<p><u>Taking & holding of possession during confiscation</u></p> <p>The proper officer adjudging confiscation shall take and hold possession of the things confiscated on behalf of the Government and every police officer shall assist in taking such hold and possession.</p>
Section 130(7)	The proper officer may, after satisfying himself that the confiscated goods or conveyance are not required in any other proceedings under this Act and after giving reasonable time not exceeding three months to pay fine in lieu of confiscation, dispose of such goods or conveyance and deposit the sale proceeds thereof with the Government.
Section 130(7) Interpretation	<p><u>Time limit for disposal of confiscated Goods</u></p> <p>If the proper officer is satisfied that the confiscated goods/conveyance are not required for any proceedings under the Act, then he shall after giving reasonable time not exceeding 3 months to pay fine in lieu of confiscation, dispose the goods and deposit the sale proceeds with the Government.</p>