
(2015) 10 RAJ CK 0041

In the Rajasthan High Court

Case No : Civil (Sales Tax) Revision Petition No. 461/2005

A.C.T.O., A/E, Sirohi

APPELLANT

Vs

Mehta Mohan Raj Dev Raj

RESPONDENT

Date of Decision : 15-10-2015

Acts Referred:

Citation : (2015) 10 RAJ CK 0041

Hon'ble Judges : Vineet Kothari, J.

Bench : Single Bench

Advocate : V.K. Mathur, Dinesh Godara and Falgun Buch, for the Appellant

Judgement

Vineet Kothari, J.—The learned Tax Board by the impugned order dated 20.07.2004 had dismissed the appeal of the Revenue, while maintaining the order of the Appellate Authority dated 06.06.1999 by which, the learned Deputy Commissioner (Appeals) had quashed the penalty order dated 18.08.1999 passed by the Assessing Authority under Section 78(5) of the RST Act upon checking of goods viz. Bundles of cotton goods on the ground that the Form 18-A was found to be totally blank. The learned Tax Board found that the Assessing Authority had not inquired into the matter in respect of mens rea of the assessee and, therefore, penalty order cannot be sustained. The relevant findings of the Tax Board in the order impugned is quoted herein below:-

2. Briefly stated, the facts of the case are that on 17.08.1999, the goods vehicle No. GJ/9/V/4825 carrying goods cotton seeds from Rangpurda to Sumerpur was intercepted and checked by the Revenue Authority and it was found that the all the relevant documents were proper but the Form ST 18A was not properly filled in and thus finding violation of Rule 78(2)(a) read with Rule 53 of the RST Act, penalty of Rs. 30,917/- was imposed on Assessee vide order dated 18.08.1999. Upon a challenge being laid by the respondent-assessee by filing appeal before the learned Deputy Commissioner (Appeals), Commercial Taxes, Jodhpur, while allowing the appeal of the assessee, the penalty was rejected vide order dated 06.09.1999 quashing the penalty imposed by the Assessing Authority vide order

dated 18.09.1999. The second appeal preferred by the Revenue came to be dismissed by the learned Tax Board vide impugned order dated 20.07.2004.

3. The petitioner-Revenue has filed the present revision petition in this Court aggrieved by the said order of Tax Board.

4. The position of law with regard to the imposition of penalty under Section 78(5) of the Act is that there is no requirement in law for Revenue to establish mens rea on the part of assessee in these penalty proceedings under Section 78(5) of the Act, has been settled by the catena of judgments of the Hon''ble Supreme Court and has been reiterated by the Full Bench of this Court in a recent case decided upon a reference in the case of Assistant Commercial Taxes Officer Vs. Indian Oil Corporation Ltd.--> , in which the Full Bench, headed by Hon''ble the Acting Chief Justice, held as under:-

"34. The suspicion or doubt on the documents to be false or forged, per se, does not attract levy of penalty under sub-section (5) of Section 78 of the RST Act, 1994. In such case, an opportunity is to be given under Rule 55(1) of the RST Rules, 1995, to a person, to produce the required documents and/or declaration forms completed in all respects, when the goods enters or leaves the nearest check-post of the State. It is only when a person despite giving such an opportunity, is not able to produce the document and/or declaration forms completed in all respects, when the goods enters or leaves the nearest check-post of the State, or the documents are found to be false or forged, after enquiry, that a penalty may be imposed, which is a civil liability for compliance of the provisions of Act for the purposes of checking the evasion of tax. It is thus not correct to submit that penalty for submission of false or forged document or declaration, necessarily involves adjudication, for which mens rea is relevant, and is a necessary ingredient. Any doubts in this regard have been clarified by the Hon''ble Supreme Court in Guljag Industries v. Commercial Taxes Officer (supra), in which it has been clearly held in para 30, after quoting the provisions of Section 78, that;

"In the present case also the statute provides for a hearing. However, that hearing is only to find out whether the assessee has contravened Section 78(2) and not to find out evasion of tax which function is assigned not to the officer at the check-post but to the AO in assessment proceedings. In the circumstances, we are of the view that mens rea is not an essential element in the matter of imposition of penalty under Section 78(5)."

35. In view of the aforesaid discussion, our answers to the questions referred, are as follows:-

(i) The requirement of mens rea is not relevant for the purpose of determining the liability for penalty, in terms of Section 78(5) of the RST Act, 1994.

(ii) The mens rea is not required to be proved as necessary ingredient for imposition of penalty under sub-section (5) of section 78, on proving violation of

sub-section (2) of Section 78 of the RST Act, 1994.

(iii) The amendment of Rule 55 of the RST Rules, 1995, in pursuance to the decision of the Hon"ble Supreme Court in State of Rajasthan and Another v. M/s. D.P. Metals (supra), authorises the authority empowered, to make an enquiry of violation of Section 78(2), and not to adjudicate as to whether the mens rea was present in violation of sub-section (2) of Section 78, for imposing penalty under sub-section (5) of Section 78 of the RST Act, 1994.

(iv) The mens rea is not required to be proved as necessary ingredient for imposition of penalty under sub-section (5) of Section 78, on proving violation of sub-section (2) of Section 78 of the RST Act, 1994."

36. With the decision on the aforesaid referred questions, let the S.B. Sales Tax Revision No. 92/1999, and other connected Sales Tax Revisions, be sent back and be listed before the Bench having jurisdiction to decide the matters, in accordance with the opinion given by us and the answers provided above on such opinion."

5. In view of above legal position, the matter deserves to be remanded back to the learned Assessing Authority, setting aside all the impugned orders passed by the three authorities below and the Assessing Authority will now pass fresh orders in accordance with law after providing an opportunity of hearing to the respondent-Assessee in terms of aforesaid judgment and other relevant judgments. Ordered accordingly.

6. With these observations and directions, the revision petition filed by the Revenue is disposed of accordingly. No costs. A Copy of this order be sent to the concerned parties forthwith.