

One Nation, Many Jurisdictions? A Canon Moment for GST and the Pandora Box of "Proper Officer" Enforcement

Ashwarya Sharma, Advocate | Co-Founder & Legal Head, RB LawCorp



1. Introduction

The decision of the Andhra Pradesh High Court in ***Golden Traders & Ors. Vs The Deputy Assistant Commissioner Of State Tax*** ([2026-VIL-318-AP](#)) once again brings into sharp focus the nuanced issue of jurisdiction and the scope of the "proper officer" under GST laws-particularly in situations involving inter-State movement of goods traversing intermediary States. In a regime designed around seamless taxation and destination-based principles, the judgment exposes an important fault line: whether an intermediary State can assume enforcement jurisdiction merely because goods pass through its territory.

This decision is not confined to check-post disputes under Sections [129](#) and [130](#) of the GST enactments; rather, it has broader ramifications for the architecture of cross-empowerment and the limits of statutory authority under GST. Its resonance may well extend to analogous frameworks, including customs enforcement, where the doctrine of "proper officer" has historically been litigated. At the very least, this could well be the **Canon moment for GST**-a reminder that jurisdictional discipline remains foundational even in a harmonised tax regime.

2. Factual Background

The writ petitions arose from a series of interceptions carried out by officers under the Andhra Pradesh GST Act at various check-posts within the State. The vehicles in question were engaged in inter-State movement of goods, originating outside Andhra Pradesh and destined for locations also outside the State, merely transiting through its territory.

Proceedings under Sections 129 and 130 were initiated on grounds such as alleged undervaluation of goods, mismatch between goods and accompanying documentation, and discrepancies in quantity. These actions raised a fundamental jurisdictional question-whether such powers could be exercised by officers of an intermediary State in respect of transactions having no taxable nexus with that State.

3. Issue before the High Court

The High Court was called upon to adjudicate two principal issues:

- (i) Whether the State authorities in Andhra Pradesh possessed jurisdiction to initiate proceedings under Sections 129 or 130 in relation to goods moving under the IGST framework; and
- (ii) Whether issues relating to valuation and assessment could be examined within the limited scope of detention and confiscation proceedings.

4. Proceedings before the High Court

4.1 Scope of "Proper Officer" and Statutory Assignment of Functions

The Court undertook a detailed examination of the definition of "proper officer" under Section 2(91) and observed that the designation is function-specific and flows strictly from statutory assignment. It held that an officer authorised under the APGST Act would be a proper officer only for functions assigned under that

enactment. Such assignment, by itself, does not extend to powers under the CGST or IGST Acts.

Rejecting the department's expansive interpretation, the Court emphasised that cross-empowerment is not automatic or unqualified. The taxpayer's contention—that a specific notification is necessary to enable State officers to act under Central statutes—was given due consideration. Importantly, the Court clarified that statutory interpretation cannot be guided by executive understanding or administrative circulars, reaffirming the primacy of legislative text.

4.2 Cross-Empowerment under GST: Design and Limitations

In a particularly instructive discussion, the Court explained the rationale behind cross-empowerment within the GST framework. It noted:

"17. Under the GST scheme, a tax payer became liable to pay tax, on the same supply, under the APGST, CGST and IGST Acts."

The Court recognised that without cross-empowerment, the system would suffer from duplication, conflicting decisions, and increased compliance burden. Accordingly, taxpayers are administratively allocated to either the Centre or the State, and the designated officer acts as the "proper officer" across enactments for that taxpayer.

However, this empowerment is not without boundaries. The Court clarified that such jurisdiction is taxpayer-specific and not transaction-agnostic. Thus, cross-empowerment cannot be invoked to justify universal enforcement powers, particularly in cases where the State has no fiscal stake.

4.3 Application to Sections 129 and 130: Transit Jurisdiction Tested

Applying these principles, the Court examined the nature of powers under Sections 129 and 130. It observed:

"25. Under Section 129, or Section 130, it is the 'proper officer' who has to detain, seize or release the goods."

The Court acknowledged that such officers are typically vested with general powers to inspect goods in transit and are not confined to specific taxpayers. It further held that cross-empowerment would permit such officers to act under the CGST framework in appropriate cases.

However, a critical distinction was drawn in the context of the IGST Act. The Court noted that where the transaction neither originates nor terminates within Andhra Pradesh, the State lacks any entitlement to the tax. In such circumstances, it questioned the legitimacy of enforcement action by an intermediary State, observing:

"28. .In the case of IGST, no part of the taxes are due, to any intermediary state. can the intermediary state. levy and collect penalties or fines?"

Answering this in the negative, the Court held that jurisdiction cannot be assumed in the absence of a revenue nexus.

4.4 Valuation and Scope of Interception Proceedings

On the second issue, the Court categorically held that detention proceedings are not a substitute for assessment. It rejected the practice of undertaking valuation exercises at the stage of interception and cautioned against fishing inquiries based on portal data or third-party discrepancies.

It was unequivocally held that:

"We may also clarify that the proper officer cannot venture into the assessment and valuation of goods at the time of interception."

This reinforces the limited and summary nature of proceedings under Sections 129 and 130.

5. Final Findings of the Court

The Court summarised its conclusions as follows:

- A. Cross-empowerment permits a State officer to act under CGST/IGST only in relation to taxpayers administratively assigned to it.
- B. Powers under Sections 129 and 130 can be exercised under CGST for intra-State supplies.
- C. Such powers under IGST can be exercised only where the State has a share in the tax under Section 17 of the IGST Act.
- D. No jurisdiction exists where the transaction originates and terminates outside the State.
- E. In such cases, the officer may only transmit information to the appropriate jurisdictional authority.

6. Conclusion

The judgment in *Golden Traders* is a decisive reaffirmation of the principle that jurisdiction under tax law must flow strictly from statutory authority and cannot be expanded on considerations of administrative convenience or enforcement expediency. In doing so, the Andhra Pradesh High Court has not only clarified the contours of the "proper officer" doctrine within the GST framework but has also re-emphasised the structural discipline underlying cross-empowerment.

Significantly, the ruling draws a principled distinction between the power to intercept and the authority to enforce, especially in the context of inter-State trade where the intermediary State has no fiscal stake. This reasoning, while

sound in law, may have far-reaching implications. It opens a potential **Pandora's box** of jurisdictional challenges, particularly in cases where enforcement actions are undertaken by authorities of a State to which no part of the revenue ultimately accrues. Even the jurisdiction of CGST authorities may not remain immune from challenge on this very ground, where the nexus between the authority exercising power and the revenue entitlement is absent or tenuous. Such a position could invite increased litigation, compel a re-examination of existing enforcement practices, and necessitate clearer legislative guidance on the limits of jurisdiction in transit situations.

Ultimately, while the decision strengthens taxpayer safeguards against jurisdictional overreach, it also places a greater onus on the GST framework to reconcile enforcement efficiency with constitutional and statutory boundaries. If GST is to truly function as a harmonised system, clarity on jurisdictional competence-especially in multi-State transactions-will be indispensable. In that sense, Golden Traders may well mark a turning point, not just in interpretation, but in the evolution of GST enforcement jurisprudence.

The author is a practicing Advocate and Co-Founder & Legal Head at RB LawCorp, specializing in GST and IBC. For comments or queries, reach out at ashsharma@rblawcorp.in.

[Date: 10/04/2026]

(The views expressed in this article are strictly personal.)