Customs, Excise & Service Tax Appellate Tribunal
West Zonal Bench At Ahmedabad

REGIONAL BENCH- COURT NO. 02

Customs Appeal No. 10075 of 2026

(Arising out of OIO No. MUN-CUSTM-000-COM-33-25-26 dated 07.11.2025 passed by Commissioner - Mundra)

Pinkal Rathi **.....Appellant**498
498 Sathwara Colony, Sector 5,
Gandhidham, 449, 370201

VERSUS

Commissioner of Customs-Mundra **.....Respondent**
Office of Pr. Comm. Of Customs,
Custom House Mundra, Kutch, Mundra Port
and Special Economic Zone, Kachchh, Gujarat-370421

APPEARANCE:
Shri. Vikas Mehta, Consultant for the Appellant
Shri. P Ganesan, Superintendent (AR) for the Respondent

CORAM: HON'BLE MR. SOMESH ARORA, MEMBER (JUDICIAL)

Final Order No. 10107/2026

DATE OF HEARING:17.02.2026
DATE OF DECISION:17.02.2026

SOMESH ARORA

In the instant case, the penalty has been imposed under Section 112(b) on the appellant on the basis that he was knowing that the value given by his client was lower than the value of others. Such knowledge has been taken as the knowledge of offending goods and therefore penalty under Section 112(b) has been imposed by the Commissioner (Appeals).

2. The learned Consultant states that nothing in the law is there to indicate that the transaction value of person cannot be lower than others, such a knowledge firstly cannot be made the basis for treating the knowledge of offending goods. Further, he pointed out that in no way it is

coming on record that the transaction value was manipulated and this fact was known to the CHA, but he only knew that it was lower compared to transaction value of others.

3. Given this factual background, Learned AR reiterates the finding of the lower authority.

4. This Court has considered the rival submissions. It finds that to attribute the knowledge of offending goods to CHA, it must be shown that he had a knowledge that the transactional value was manipulated by his clients and this fact was with his assent or known to him. From the records, it emerges that simply knowing that the transaction value was lower compared to others will not taint the transaction value and make the goods offending, as value in each transaction and from buyer to buyer can be different. Knowledge about offending goods can only be there if it shown categorically that the CHA was in the knowledge of manipulation or the cash transaction was going to takes place and lowering of transaction value on record was being done through such manipulation. Such categorical knowledge is not coming from the record. Therefore, on the basis of submission made, it is clear that the CHA in the instant case did not have the knowledge of price being lower due to any manipulation by the importer client .

5. In view of the foregoing, penalty is not sustainable same is set aside with consequential relief.

(Dictated & Pronounced in the open court)

(SOMESH ARORA)
MEMBER (JUDICIAL)

Prachi