



W.P.No.2028 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 11.02.2026

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THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.2028 of 2026

and

W.M.P.Nos.2146, 2148 & 2150 of 2026

M/s. Aarthi Air Products,
(Represented by its Proprietor Mrs. Sujatha Nithyanandan)
No.270, Sambal Thottam, Thekkupalayam Post,
Coimbatore – 641020.

... Petitioner

Vs.

1. State Tax officer,
Periyanaickenpalayam Circle, Coimbatore.

2. Assistant Commissioner (ST),
Periyanaickempalayam Circle, Balasundaram Road,
Coimbatore – 641018.

3. M/s S.M. Agencies
Subbian Layout, 41/1, Kumaran Nagar,
Pollachi, Coimbatore – 642001.

... Respondents

Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records in the Impugned Orders passed by the Respondent in the Form GST DRC – 07 vide Reference No. ZD331023188911J dated 28.10.2023 along with its detailed Order vide GSTIN: 33ACNPN9430G1ZG, dated 28.10.2023 and quash the same.



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For Petitioner : Mr.K.A.Parthasarathy

For Respondents : Mr.C.Harsha Raj
Special Government Pleader

ORDER

Mr.C.Harsha Raj, learned Special Government Pleader, takes notice for the respondents.

2. With the consent of the learned counsel for the petitioner and the learned Special Government Pleader for the respondents, this writ petition is being disposed of at the time of admission.

3. The petitioner is before this Court against the impugned Order dated 28.10.2023 passed by the 1st respondent for the tax period 2017-2018, whereby the demand proposed in the Show Cause Notice in DRC-01 dated 11.09.2023 was confirmed, as the petitioner failed to reply to the said notice.

4. By the impugned order, the petitioner was asked to pay a sum of Rs.3,29,452/- towards interest on belated payment of tax for the month of September 2017.



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5. In Paragraph No.11 of the affidavit filed in support of the present writ petition, the petitioner has stated as under:

“11. The petitioner submits that they have discontinued the business in the beginning of 2018 as the proprietor of the petitioner firm suffered from serious illness and was not able to check-up on the GST Common Portal.”

6. The admitted facts of the case are that the petitioner was liable to pay tax for the supply effected during the month of September 2017 along with the return in GSTR-3B.

7. The petitioner also deposited the tax amount belatedly on 18.11.2017, however, the petitioner failed to debit the same from the electronic cash ledger by filing Form GSTR-3B, which was subsequently paid by the petitioner on 30.08.2023.

8. The amount deposited into the electronic cash ledger on 18.11.2017 and the amount debited therefrom on 30.08.2023, as reflected in Form GST DRC-03, are one and the same. Thus, there was only a delay in debiting the amount from the petitioner's electronic cash ledger, which has been acknowledged on 11.09.2023.



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9. There was only a marginal delay in crediting the amount to the petitioner's electronic cash ledger on 18.11.2017. Instead of paying and debiting the amount on 20.10.2017, the petitioner credited it to the ledger on 18.11.2017. The amount then remained unutilized until it was electronically debited on 30.08.2023.

10. The explanation offered by the petitioner is reasonable, considering that the amount was not utilized to discharge the tax liability for any other tax period.

11. The Central Government, via Notification No.12/2024-Central Tax dated 10.07.2024, amended the CGST Rules, 2017, by inserting a proviso to Rule 88B(1) with effect from 10.07.2024, which states as follows:

“(1) In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under sub-section (1) of section 50:



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³[*PROVIDED that where any amount has been credited in the Electronic Cash Ledger as per provisions of sub-section (1) of section 49 on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.*]

12. Although the amendment is not retrospective for the period in dispute, the fact remains that the petitioner deposited the amount in their electronic cash ledger on 18.11.2017, which remained unutilized/undebited. Therefore, there is no justification in imposing interest on the belated debiting of the amount from the petitioner's electronic cash ledger on 30.08.2023 in Form GST DRC-03. However, this would require a proper verification as to whether the amount deposited into the petitioner's electronic cash ledger on 18.11.2017 had, indeed, remained unutilized and was debited for the first time on 30.08.2023.

13. Therefore, the impugned order is quashed and the case is remitted back to the 1st respondent to examine the above aspects and pass appropriate orders in accordance with law, within a period of three months from the date of receipt of a copy of this order.



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14. If the amount credited to the petitioner's electronic cash ledger on 18.11.2017 remained unutilized, the petitioner shall be liable for interest only for the period between 21.10.2017 and 17.11.2017.

15. Since the petitioner's bank account has been attached, the same shall be lifted pending the final orders to be passed by the 1st respondent.

16. This Writ Petition stands disposed of with the above directions. Consequently, the connected miscellaneous petitions are closed. No costs.

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Neutral Citation : Yes / No

To

1. The State Tax officer,
Periyanaickenpalayam Circle, Coimbatore.
2. The Assistant Commissioner (ST),
Periyanaickempalayam Circle, Balasundaram Road,
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C.SARAVANAN, J.

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