

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE: 05.07.2016

CORAM

THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM

W.P.No.23174 of 2016 &

WMP Nos.19872 & 19873 of 2016

Tvl.Bhagyashree Industricts,  
rep. by its Proprietrrix ... Petitioner

Vs

The Assistant Commissioner (CT)  
Broadway (C) Assessment Circle  
Chennai. ... Respondent

Prayer: The Writ Petition is filed under Article 226 of the Constitution of India, seeking for a Writ of certiorari to call for the records of the respondent in "Notice for fixation of security under Section 39 (4) of the Tamil Nadu Value Added Tax, 2006" dated 22.06.2016 and quash the same.

For Petitioner : Mr.J.Adithya Reddy

For Respondent : Mr.S. Manokaran Sundaram  
Additional Government Pleader

O R D E R

Heard Mr.J.Adithya Reddy, learned Counsel appearing for the petitioner and Mr.S.Manokaran Sundaram, learned counsel appearing on behalf of the respondents and with the consent of learned counsel appearing on either side, the writ petition itself is taken up for final disposal.

2.The petitioner who is a registered dealer under the provisions of the Tamil Nadu Value Added Tax Act, 2006 [TNVAT Act], has filed this Writ Petition, challenging the proceedings issued by the respondent dated 22.06.2016, directing the petitioner to pay a sum of Rs.4,50,000/-, as security deposit for securing Registration under the provisions of the TN VAT Act.

3.The petitioner submitted his Application and the respondent issued a notice for security deposit dated 03.06.2016. The petitioner appeared in person on the date fixed by the respondent and submitted a written representation on 22.6.2016. In the said representation, the petitioner stated that as per their Application for TIN number, sales turnover was approximately Rupees two crores, for that the profit margin would be around Rs.14,00,000/- and the Tax amount worked out to Rs.70,000/- and the petitioner has already paid a sum of Rs.50,000/- as Advance Tax and also voluntarily paid a sum of Rs.50,000/- towards security deposit. However, the respondent without assigning any reason, as to why he proposes to fix the security deposit, at Rs.4,50,000/-, has passed the impugned order.

4.It is no doubt true that the respondent has got power to demand security deposit, however that power has to be exercised in a proper manner, by good and sufficient reasons. Therefore, this Court is of the view that the respondent should assign reasons as to why he proposes to fix the security deposit of Rs. 4,50,000/-. This having not been done, the matter has to be remanded to the respondent for fresh consideration.

5.Accordingly, the petitioner is directed to appear in person before the respondent, within a period of two weeks from the date of receipt of a copy of this order and explain the earlier facts and circumstances of the case, thereafter, the respondent shall consider the petitioner's submissions and pass a speaking order on merit and in accordance with law, as expeditiously as possible.

The Writ Petition is disposed of on the above terms. No costs. Consequently, connected Miscellaneous Petitions are closed.

-s/d-  
Assistant Registrar

True Copy

Sub-Assistant Registrar

Rpa

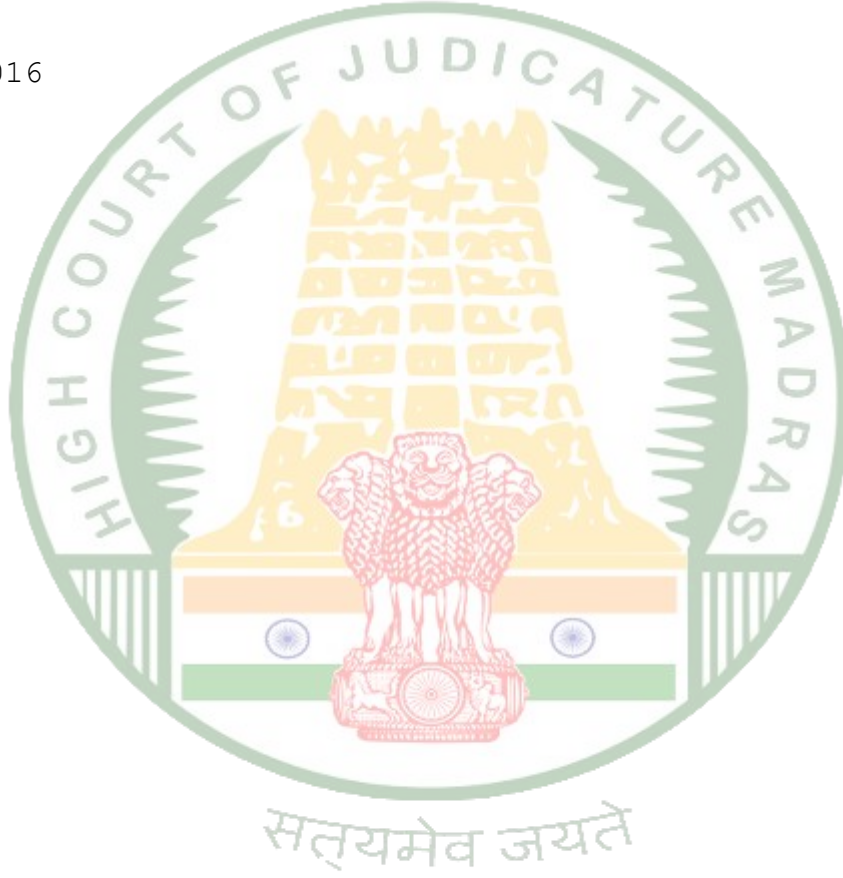
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To  
The Assistant Commissioner (CT)  
Broadway (C) Assessment Circle  
Chennai.

+1 cc to Mr.Adithya Reddy Advocate sr.37784  
+1 cc to Special Government Pleader sr.38193

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