

HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-22514-2023

Date of decision:06.10.2023

K.J.International through its partner Pawan KumarPetitioner

V/s.

State of Punjab and another

....Respondents

**CORAM: HON'BLE MS. JUSTICE RITU BAHRI
HON'BLE MRS. JUSTICE MANISHA BATRA**

Present: Mr. Mukul Singla, Advocate
for the petitioner.

Ritu Bahri, J. (Oral).

1. The petitioner is seeking quashing of orders dated 10.08.2023 (Annexure P-3) and 25.08.2023 (Annexure P-4) whereby respondent No. 2 has blocked Input Tax Credit amounting to Rs.55,89,654/- and Rs.56,18,263/- respectively lying in the Electronic Credit Ledger of the petitioner or directing respondent No. 2 to unblock Input Tax Credit amounting to Rs.1,12,07,917/-.

2. Learned counsel for the petitioner states that vide orders dated 10.08.2023 (Annexure P-3) and 25.08.2023 (Annexure P-4), respondent No. 2 has blocked the Input Tax Credit of the petitioner.

3. Learned counsel for the State, Ms. Anu Pal, Senior Deputy Advocate General, Punjab informs that after passing orders dated 10.08.2023 (Annexure P-3) and 25.08.2023 (Annexure P-4), show cause notices both dated 25.09.2023 (Annexures P-5 and P-6) have now been issued and the matter is now pending before the adjudicating authority. As per the Rule 86A of CGST Rules, 2017, Input Tax Credit can be blocked for

one year.

4. At this stage, learned counsel for the petitioner states that show cause notices both dated 25.09.2023 (Annexure P-5 and P-6) have been issued solely on the scrutiny of 8 suppliers mentioned in the said notices and no investigation has been done with respect to petitioner. Even while blocking Input Tax Credit of the petitioner vide order dated 10.08.2023 (Annexure P-3) electronic credit ledger pertaining to two suppliers Akriti Industries and Shri Radhe Metals have been examined. He further states that adjudication proceedings pursuant to the said show cause notices will take sometime and in the meantime, if Input Tax Credit remains blocked, it (petitioner) cannot file its return and it would lead to cancellation of registration.

5. The main prayer of the petitioner is to quash orders dated 10.08.2023 (Annexure P-3) and 25.08.2023 (Annexure P-4) whereby respondent No. 2 has blocked Input Tax Credit amounting to Rs.55,89,654/- and Rs.56,18,263/- respectively. The petitioner has remedy of filing an appeal after the adjudicating order is passed and even if he is required to file an appeal, he is to deposit only 10% of the penalty amount assessed. Hence, in this backdrop, the account of the petitioner cannot be blocked beyond 10% of the penalty amount assessed.

6. Keeping in view above, the present writ petition is allowed and orders dated 10.08.2023 and 25.08.2023 (Annexures P-3 and P-4) are being set aside and the account of the petitioner be unblocked forthwith after retaining 10% of the penalty amount assessed which would fulfill the

condition of predeposit of 10%.

(RITU BAHRI)
JUDGE

(MANISHA BATRA)
JUDGE

06.10.2023
Divyanshi

Whether speaking/reasoned:	Yes/No
Whether reportable:	Yes/No