IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED :20.12.2024

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THE HONOURABLE MR.JUSTICE MOHAMMED SHAFFIQ

W.P. No.39120 of 2024
and
W.M.P.Nos.42365 and 42366 of 2024

Tvl.Seetharam Silks,
(Now Defunct)
Represented by its Partner,
Mr.Pradeep K.Jain,
8/37, Pillaiar Koil Street,
DG Pudur, Gobi TK,
Sathyamangalam 638 503. ... Petitioner

Vs.

The State Tax Officer,
Sathyamangalam Assessment Circle,
Sathyamangalam ... Respondent

PRAYER: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorari to call for the impugned proceedings of the respondent in GSTIN:33ACWFS5031P1ZF/ 2017-18 dated 16.12.2023 and the connected order under Section 73 dated 16.12.2023 and the summary of the order in Form GST DRC-07 dated 16.12.2023 issued in Reference No:ZD3312231211247 and quash the same as passed contrary to the provisions of the Central Goods and Service Tax Act, 2017 read with the provisions of the Tamil Nadu Goods and Service Tax Act, 2017 and also passed in contrary to the principles of natural justice.

For Petitioner : Mr.P.Rajkumar

For Respondent : Mr.V.Prashanth Kiran,
Government Advocate

ORDER

The present writ petition is filed challenging the impugned order passed by the respondent dated 16.12.2023 relating to the assessment year 2017-18.

2. The petitioner is engaged in the wholesale and retail business of handloom sarees and is registered under the Goods and Services Tax Act, 2017. During the relevant period viz., 2017-18, the petitioner filed its returns and paid the appropriate taxes. However, during the scrutiny of the petitioner's return, the following discrepancies were noticed viz.,

i. Excess Claim of Input Tax Credit

ii.Mismatch between GSTR-3B and GSTR-2A

2.1. Pursuant thereto, a notice in ASMT-10 was issued on 02.03.2023, followed by notices in DRC-01A on 02.03.2023 and DRC-01 on 30.09.2023. Reminder along with personal hearing was issued on 23.11.2023. However, the petitioner had neither filed its reply nor availed the opportunity for a personal hearing. Hence, the impugned order came to be passed, confirming the proposal.

3. The impugned order is challenged on the premise that neither the show cause notices nor the impugned order of assessment has been served on the petitioner by tender or sending it by RPAD, instead it had been uploaded in the GST Portal, thereby, the petitioner was unaware of the initiated proceedings and was thus unable to participate in the adjudication proceedings. Yet another reason which is submitted by the learned counsel for the petitioner for not accessing the web portal was that the registration certificate was cancelled on 21.03.2023 and in view of the cancellation, there was no occasion for the petitioner to either check or access the web portal.

4. It is submitted by the learned counsel for the petitioner that if the petitioner is provided with an opportunity, they would be able to explain the alleged discrepancies. The learned counsel for the petitioner would then place reliance upon the recent judgment of this Court in the case of ***M/s.K.Balakrishnan, Balu Cables vs. O/o. the Assistant Commissioner of GST & Central Excise in W.P.(MD)No.11924 of 2024 dated 10.06.2024,*** to submit that this court has remanded the matter back in similar circumstances subject to payment of 25% of the disputed taxes. It was further submitted that

the petitioner is ready and willing to pay 25% of the disputed tax and that they may be granted one final opportunity before the adjudicating authority to put forth their objections to the proposal, to which the learned Government Advocate appearing for the respondent does not have any serious objection.

5. By consent of both parties, the writ petition stands disposed of on the following terms:

a) The impugned order dated 16.12.2023 is set aside.

b) The petitioner shall deposit 25% of the disputed taxes as admitted by the learned counsel for the petitioner and the respondent, within a period of four weeks from the date of receipt of a copy of this order.

c) If any amount has been recovered or paid out of the disputed taxes, including by way of pre-deposit in appeal, the same would be reduced/adjusted, from/towards the 25% of disputed taxes directed to be paid. The assessing authority shall then intimate the balance amount out of 25 % of disputed taxes to be paid, if any, within a period of one week from the date of receipt of a copy of this order. The petitioner shall deposit such remaining sum within a period of three weeks from such intimation.

d) The entire exercise of verification of payment, if any, intimation of the balance sums, if any, to be paid for compliance with the direction of payment of 25% of the disputed taxes, after deducting the sums already paid and payment by the petitioner of the balance amount, if any, on intimation in compliance with the above direction shall be completed within a period of four weeks from the date of receipt of copy of this order.

e) Failure to comply with the above condition viz., payment of 25% of disputed taxes within the stipulated period i.e., four weeks from the date of receipt of a copy of this order shall result in restoration of the impugned order.

f) If there is any recovery by way of attachment of Bank account or garnishee proceedings, the same shall be lifted /withdrawn on complying with the above condition viz., payment of 25 % of the disputed taxes.

g) On complying with the above condition, the impugned order of assessment shall be treated as show cause notice and the petitioner shall submit its objections within a period of four (4) weeks from the date of receipt of a copy of this order along with supporting documents/material. If any such objections are filed, the same shall be considered by the respondent and orders shall be passed in accordance with law after affording a reasonable opportunity of hearing to the petitioner. It is made clear that if the above conditions viz., 25% of disputed taxes is not complied or objections are not filed within the stipulated period, four weeks respectively from the date of receipt of a copy of this order, the impugned order of assessment shall stand restored.

6. There shall be no order as to costs. Consequently, connected miscellaneous petitions are closed.

20.12.2024

Speaking (or) Non Speaking Order
Index : Yes/ No
Neutral Citation: Yes/No
shk

To:

The State Tax Officer,
Sathyamangalam Assessment Circle,
Sathyamangalam

MOHAMMED SHAFFIQ, J.

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