# IN THE HIGH COURT OF JUDICATURE AT BOMBAY
# NAGPUR BENCH AT NAGPUR

## WRIT PETITION NO. 2052 OF 2025

( Rani Sati Agro Chem, Nagpur
**Vs.**
State of Maharashtra, Thr. Secretary, Finance Department Mantralaya, Mumbai & Anr. )

| Office Notes, Office Memoranda of Coram, Appearances, Court's orders or directions and Registrar's orders | Court's or Judge's orders |
|---|---|

Mr. A.K. Naik, Advocate for the Petitioner.
Mr. D.V. Chauhan, GP a/w Mr. S.V. Narale, AGP for the Respondent No.2/State.

**CORAM: AVINASH G. GHAROTE AND ABHAY J. MANTRI, JJ.**

**DATED : 16th APRIL, 2025**

**1.** Heard Mr. Naik, learned Counsel for the Petitioner.

**2.** At the outset Mr. Naik, learned Counsel for the Petitioner, seeks to delete the Respondent No.1. Leave is granted. The Respondent No.1 be deleted from the array of Respondents. The same be done forthwith.

**3.** The Petitioner is aggrieved by the creation of a negative balance entry in the Electronic Credit Ledger created in the name of the Petitioner by the Respondents, in view of it having being found that two of the suppliers of the Petitioner, from whom the Petitioner had procured goods for the financial years 2021-22 to 2023-24, upon inspection were found not to have any legal documents, on account of which, the registration came to be cancelled.

**4.** By inviting our attention to Rule 86A of the GST Rules, it is contended, that there is no power to Commissioner or an authorized officer to create the negative balance entry in electronic credit ledger of the Petitioner and the negative entry therefore so created which is reflected from Annexure-D (page 65), is without any authority of law and jurisdiction.

**5.** A perusal of language of Rule 86A of the GST Rules, indicates that the Commissioner or an officer authorised, if have any reasons to believe that the credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in view of sub Rules (a) to (d) therein, may for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under Section 49 or for claim of any refund of any unutilised amount. It would be therefore apparent, that Rule 86A(1) of the GST Rules, does not empower or authorise Commissioner or an officer authorised to create a negative entry in the Electronic Credit Ledger of the assesse and all that can be done is the blocking of the input credit entries *vis-a-vis* the fraudulent supply.

**6.** Issue notice for final disposal to the Respondents, returnable on **05.05.2025**.

**7**. Mr. Chauhan, learned Government Pleader/Senior Counsel waives notice for the Respondent No.2/State.

**8**. In view of what has been discussed above, there shall be ad interim stay to the impugned notice dated 27.11.2024 insofar as it relates to the negative entries in the Electronic Credit Ledger of the Petitioner only.

**(ABHAY J. MANTRI, J.)** **(AVINASH G. GHAROTE, J.)**

*SD. Bhimte*