IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : **22.09.2025**

CORAM :

THE HONOURABLE MR. JUSTICE S.M.SUBRAMANIAM
AND
THE HONOURABLE MR. JUSTICE MOHAMMED SHAFFIQ

W.P.No.19108 of 2008

M/s.Rangoli Dyes and Chemicals
No.50, Karuvampalayam Extension
Tiruppur
Rep. by its sole Proprietor ... petitioner

Vs.

1. The Tamil Nadu Sales Tax Appellate Tribunal
(Additional Bench)
Coimbatore.

2. The Appellant Assistant Commissioner
(Commercial Taxes)
Pollachi, Coimbatore District.

3. The Commercial Tax Officer
Tirupur (South) Assessment Circle
Tirupur,
Coimbatore District. ... Respondents

Prayer:

Writ Petition filed under Article 226 of the Constitution of India praying, Writ of Certiorari, to call for the records relating to the impugned order dated 05.03.2007 passed in C.T.S.A.No.300 of 2002 on the file of the first respondent herein and quash the same insofar as it against the petitioner namely, Slip No.5 (Front side).

For petitioner	:	Mr.P.V.Sudakar for Mr.K.Govi Ganesan
For Respondents	:	Ms.Amirtha Poonkodi Dinakaran Government Advocate (Taxes)

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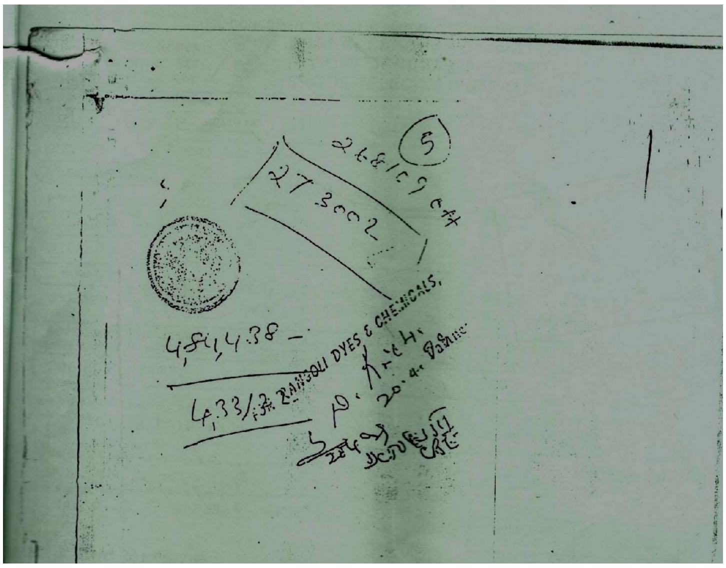
ORDER

(Order of the Court delivered by MOHAMMED SHAFFIQ, J.,)

The present writ petition has been filed challenging the order of Sales Tax Appellate Tribunal dated 05.03.2007 in C.T.S.A.No.300 of 2002.

2. The petitioner was engaged in the business of sales of dyes and chemicals. During the relevant assessment year 1999-2000, petitioner was registered as a dealer under the Tamil Nadu General Sales Tax Act, 1959 {TNGST Act}. Petitioner submitted his returns. Originally, petitioner was assessed on a total and taxable turnover at Rs.49,64,550/- and Rs.40,77,815/- under Section 12 of TNGST Act. It is stated that there was an inspection of petitioner's place of business by Enforcement Wing Officers on 20.04.1999. Certain discrepancies were noticed and D7 records were seized. The present writ petition is only concerned with slip No.5 recovered during the course of inspection. Relevant copy of the

slip has been filed in the typed set of papers. A scanned reproduction of Slip No.5 is as follows:



3. The learned Assessing Authority proceeded to treat the two figures namely, Rs.4,84,438 and Rs.4,33,122 as representing sales consideration and proceeded to make an equal time addition towards probable suppressions.

4. Aggrieved, petitioner preferred an appeal before the Appellate Authority. Appellate Authority set aside the order of the assessment insofar as slip No.5 is concerned on the premise that the entires in the above slip are nothing but mere estimation. Appellate Authority had arrived at the above conclusion inasmuch as the slip did not disclose the details of the goods sold, party to whom sold, the consideration received

etc. Revenue carried the matter in appeal before the Appellate Tribunal. Appellate Tribunal, on examining the above slip, reversed the order of the first Appellate Authority and confirmed the order of assessment on finding that even during the course of inspection, petitioner vide statement dated 09.09.1999 had offered his explanation, which is extracted hereunder:

> *"In this slip Thiru.Mahendran, Advocate, Erode noted balance amount of Rs.4,84,438/- and Rs.4,33,122/- have to be received from Tvl.Senthil Kumaran Process and Tvl.Dhanashree Dyeing, Tirupur namely, there were two purchasers as on 31.03.1999."*

5. Tribunal was thus of the view that figures in the slip relate to sale consideration. The Tribunal also found that the petitioner is unable to correlate the above figures with that of the books of accounts. The Tribunal was of the view that the first Appellate Authority erred in setting aside the assessment order in respect of the above slip. Consequently, restored the order of assessment wherein the above turnover was treated as suppression and made an equal time addition towards probable omission followed by levy of penalty.

6. Learned counsel for the respondent would submit that this is

essentially a question of fact and therefore, it may not warrant interference.

7. There cannot be two views about the fact that this Court, in exercise of power of judicial review would normally not interfere with the finding of fact by a Tribunal which is the highest fact finding body under the TNGST Act unless it is perverse or not based on any material. Thus, this Court is not inclined to interfere with the finding that the above two entries relate to transaction of sales liable to tax. However, when it comes to equal time addition, this Court finds that there is no reason provided by the Tribunal to support the equal time addition. To a pointed question to learned counsel for respondent whether there is any material to indicate/suggest probable omission, learned counsel for respondent would only submit that the Tribunal has the discretion for confirming the order of the Assessing Officer, wherein equal time addition were made. While we are conscious of the fact that best judgment would involve an element of guess work. However, it is equally true that the estimate/best judgment ought to be made on the basis of material available with the assessing authority and there must be a reasonable nexus between the estimation and the available material. In the absence of any material, best judgment by way of equal time addition may not be appropriate. We

find that equal time addition is confirmed by Tribunal in a mechanical manner, without applying its mind to facts of the case to see if there is any material warranting equal time addition. We are thus, inclined to set aside equal time addition made by the Tribunal on the premise that it is without any basis / material. In view thereof, the order of the Tribunal is modified insofar as equal time addition which is set aside. The order insofar as the actual suppression, is sustained.

8. Accordingly, the Writ Petition is allowed. There shall be no order as to costs.

[S.M.S., J.] **[M.S.Q, J.]**
22.09.2025

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Speaking / Non-speaking order
Index : Yes / No
Neutral Citation : Yes / No

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and
MOHAMMED SHAFFIQ, J.

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