IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02.07.2025

CORAM :

THE HONOURABLE DR.JUSTICE ANITA SUMANTH
and
THE HONOURABLE MR.JUSTICE N. SENTHILKUMAR

Tax Case No.79 of 2025

State of Tamil Nadu
represented by Joint Commissioner (CT),
Coimbatore Division,
Coimbatore.

.... Petitioner

Vs

Tvl.Marks Engineering Works,
No.67/8, Athipalayam Road,
Chinnavedampatty,
Coimbatore.

.... Respondent

Prayer : PETITION filed under Section 60 of the Tamil Nadu Value Added Tax Act, 2006 to revise the order of the Tamil Nadu Sales Tax Appellate Tribunal (Additional Bench), Coimbatore dated 07.11.2023 passed in CTSA.No.65 of 2018.

For Petitioner : Mr.C.Harsha Raj
Special Government Pleader

For Respondent: Mr.N.Prasad

O R D E R

(Order of the Court was made by Dr.ANITA SUMANTH.,J)

This Tax Case is filed challenging the order of the Tamil Nadu Sales Tax Appellate Tribunal dated 07.11.2023 for period 2010-11, passed in terms of the provisions of the Tamil Nadu Value Added Tax Act, 2006 (in short 'Act').

2. The only issue that is argued by the revenue relates to the question of reversal of Input Tax Credit (ITC) on the basis of invisible loss arising out of manufacturing process.

3. Mr.Harsha Raj, learned Special Government Pleader appearing for the petitioner/State would fairly point out that the very same issue had arisen before this Court in T.C.No.28 of 2024 in respect of the very same assessee for assessment year 2011-12 and following the decision of this Court in *Eastman Exports Global Clothing (P) Ltd. V. The Assistant Commissioner (CT), Tirupur (North) Circle, Tirupur and others* ((2023) 112 GSTR 106 (Mad), the issue has been answered in favour of the assessee.

4. In *Eastman Exports Global Clothing (P) Ltd.* (supra) this Court held that invisible loss is only in the nature of incidental loss which would not fall within the ambit of Section 19(9)(iii) of the Act, which is a provision invoked in this case and which talks of '*inputs damaged in transit or destroyed at some intermediary stage of manufacture'*. In light of the same, as the reversal of ITC relates to incidental

manufacturing loss and not the loss of products which have been destroyed as contemplated under clause (iii) of Section 19(9), reversal of ITC is not in accordance with law.

5. Since no substantial question of law has been framed by the revenue, following the ratio of the decision as aforesaid, which is final as on date, this Tax Case is dismissed simplicitor. No costs.

[A.S.M., J] [N.S., J]
02.07.2025

sl
Index:Yes/No
Speaking order
Neutral Citation:Yes

DR. ANITA SUMANTH,J.
and
N. SENTHILKUMAR.,J

T.C.No.79 of 2025

02.07.2025