



W.P.No.26637, 26639, 26643, 26651 & 26653 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 03.12.2025

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.26637, 26639, 26643, 26651 & 26653 of 2025

and

W.M.P.Nos.29944, 29945, 29946, 29947, 29949, 29950, 29964, 29965,
29968 & 29969 of 2025

M/s. K.N.Raj Constructions,
Rep.by its Managing Partner,
Sri.N.Santhamoorthy,
No.301, Periyar Nagar,
Kattiganapalli, Krishnagir – 635 001.

... Petitioner in all WPs

Vs.

The State Tax Officer,
Inspection Cell – 3
O/o The Joint Commissioner (ST) (Int),
No.3/47, Sapthagiri Complex,
Hosur Division, Hosur.

... Respondent in all WPs

Prayer in W.P.No.26637 of 2025: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari calling for the records of the respondent in his proceeding in GSTIN/YEAR: 33AAQFK3022J1ZE/2017-18 dated 08.11.2024 and the consequential rectified order in GSTIN/YEAR:33AAQFK3022J1ZE/2017-18 dated 11/11/2024 and quash the same.



W.P.No.26637, 26639, 26643, 26651 & 26653 of 2025

Prayer in W.P.No.26639 of 2025: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari calling for the records of the respondent in his proceeding in GSTIN/YEAR: 33AAQFK3022J1ZE/2018-19 dated 08.11.2024 and the consequential rectified order in GSTIN/YEAR:33AAQFK3022J1ZE/2018-19 dated 11/11/2024 and quash the same.

Prayer in W.P.No.26643 of 2025: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari calling for the records of the respondent in his proceeding in GSTIN/YEAR: 33AAQFK3022J1ZE/2019-20 dated 08.11.2024 and the consequential rectified order in GSTIN/YEAR:33AAQFK3022J1ZE/2019-20 dated 11/11/2024 and quash the same.

Prayer in W.P.No.26651 of 2025: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari calling for the records of the respondent in his proceeding in GSTIN/YEAR: 33AAQFK3022J1ZE/2020-21 dated 08.11.2024 and the consequential rectified order in GSTIN/YEAR:33AAQFK3022J1ZE/2020-21 dated 11/11/2024 and quash the same.

Prayer in W.P.No.26653 of 2025: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari calling for the records of the respondent in his proceeding in GSTIN/YEAR: 33AAQFK3022J1ZE/2021-22 dated 08.11.2024 and the consequential rectified order in GSTIN/YEAR:33AAQFK3022J1ZE/2021-22 dated 11/11/2024 and quash the same.



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For Petitioner : Mr.B.Raveendran in all WPs
For Respondent : Mr.V. Prashanth Kiran
Government Advocate in all WPs

COMMON ORDER

These cases were heard twice, once at the time of the admission, and again today. All these writ petitions are being disposed of by this common order.

2. In these writ petitions, the petitioner has challenged the assessment orders in DRC-07 dated 08.11.2024 passed for the respective tax periods by the respondent under Section 74 of the respective GST enactments, as modified by the orders dated 11.11.2024.

3. This is the second round of litigation before this Court. Earlier, the petitioner had suffered adverse assessment orders in respect of the re assessment years on 13.09.2023. Even prior to the aforesaid orders, a sum of Rs.1,42,33,484/- was recovered / paid directly from the petitioner's bank account on 30.01.2023 towards the tax liability.



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4. In this background, by a common order dated 21.08.2024 in W.P.Nos.14865, 14869, 14873, 14875 & 14877 of 2024, wherein these aforesaid assessment orders were challenged, the following order was passed:-

“11. For the reasons stated above, this Court is inclined to set aside the impugned orders dated 13 09 2023 passed by the respondent, with the following directions:-

(i) The orders impugned herein are set aside and the matters are remanded to the respondent in respect of the assessment years 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 for fresh consideration within a period of four weeks from the date of receipt of a copy of this order Since a sum of Rs.1.45 crores was withdrawn from the petitioner's Bank account, this Court is not inclined to impose any further condition.

(ii) The petitioner shall file their reply/objection along with the required documents, if any, within a period of two weeks after the date of receipt of a copy of this order.

(iii) On filing of such reply/objection by the petitioner, the respondent shall consider the same and issue a 14 days clear notice by fixing the date of personal hearing to the petitioner and thereafter, pass appropriate orders on merits and in accordance with law, as expeditiously as possible, after hearing the petitioner and subject to the verification of the payment of the aforesaid amount.

12. With the above directions, these Writ Petitions are disposed of. No costs. Consequently, connected Miscellaneous Petitions are closed.”



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5. Pursuant to the aforesaid order, the impugned assessment orders in DRC - 07 has now been passed, wherein the petitioner has been directed to pay a sum of Rs.15,23,52,610/-, together with interest and penalty under Sections 50 and 74 of the TNGST Act. The total amount of tax payable by the petitioner along with interest and penalty comes to Rs.55,86,77,302/-.

6. The dispute arises on account of the inflated and padded return of income filed by the petitioner for the respective tax periods before the Income Tax Department. The total turnover reported by the petitioner (supply) for the period in disputed is Rs.29,69,00,919.88/-. However, according to the in the Income Tax portal, the petitioner has declared a turnover of Rs.1,66,93,09,862/- for the financial years 2016-17 to 2021-2022.

7. The Department has, on the other hand, concluded that there is a difference between the turnover reported by the petitioner under the respective GST enactments in the annual returns (GSTR-9) and the turnover declared before the Income Tax Department in the IT portal, as detailed below:-



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K.N.RAJ CONSTRUCTIONS (As per GST Department Records)

<i>S.No.</i>	<i>Particulars</i>	<i>Turnover as per GST portal</i>	<i>Turnover as per IT portal</i>	<i>Difference</i>
1.	<i>FY 2016-2017</i>		<i>13,07,27,251.00</i>	<i>13,07,27,251.00</i>
2.	<i>FY 2017-2018</i>		<i>29,64,49,045.00</i>	<i>29,64,49,045.00</i>
3.	<i>FY 2018-2019</i>	<i>81,04,203.00</i>	<i>35,87,03,344.00</i>	<i>35,05,99,141.00</i>
4.	<i>FY 2019-2020</i>	<i>9,28,88,791.00</i>	<i>48,78,36,548.00</i>	<i>39,49,47,757.00</i>
5.	<i>FY 2020-2021</i>	<i>6,32,30,402.00</i>	<i>19,31,93,837.00</i>	<i>12,99,63,435.00</i>
6.	<i>FY 2021-2022</i>	<i>10,47,53,438.00</i>	<i>20,23,99,837.00</i>	<i>9,76,46,399.00</i>
	<i>TOTAL</i>	<i>26,89,76,834.00</i>	<i>1,66,93,09,862.00</i>	<i>1,40,03,33,028.00</i>

8. The learned counsel for the petitioner submits that the reason for the padded and inflated turnover was to secure contracts in the tenders floated by the Government and various departments of the State Government to qualify in the technical evaluation.

9. It is further submitted that the income declared in the Income Tax Portal cannot be the basis for confirming the demand, particularly when the turnover was inflated solely for the purpose of qualifying the petitioner in the technical bids issued by various Government Departments and local bodies in the State of Tamil Nadu. Therefore, it is submitted that no tax liability arises in the State assessment and the invocation of Section 74 of the Act against the petitioner is unjustified.



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10. The petitioner submits that the total bank receipts during the period in dispute amounted only Rs.27,89,45,705/-, which does not correspond with the inflated turnover reflected on the Income Tax portal at Rs.1,66,93,09,862/-.

11. It is submitted that there are several decisions of the Tribunal as well as various Courts holding that the turnover declared for the purpose of securing contracts before the Income Tax Portal cannot be the basis for arriving at a conclusion in the context of levy of tax under the Central Excise Act, 1944.

12. It is further submitted that these decisions are equally relevant in the context of proceedings under Section 74 of the respective GST enactments. Therefore, the petitioner contends that the impugned order fastening tax liability under Section 9 of the respective GST enactments cannot be sustained.

13. Reference was made to the decisions of this Court, the Tribunal, and the Hon'ble Supreme Court in the following cases :-



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“(i) The State of Tamil Nadu, represented by the Deputy Commissioner of Commercial Taxes Madras Dn. vs. Indian Crafts and Industries, Madras – 17, reported in (1970) 25 STC 466.

(ii) Suvarna Polymers Pvt. Ltd. Vs. Commissioner of C.Ex.Hyderabad, reported in 2000 (120) E.L.T.148(Tribunal)

(iii) Elmech Engineers Vs.Commissioner of C.Ex., Kolkata - II, reported in 2001 (129) E.L.T. 634 (Tri. – Kolkata)

(iv) Tvl. Prasad Properties and Investment (P) Ltd., No.2, Sarangapani Street, T.Nagar, Chennai – 17 vs. The State of Tamil Nadu Represented by the Deputy Commissioner (CT) Chennai (Central) Division Chennai – 6 and others in Tax Case (Revision) Nos. 119, 120 and 121 of 2009, dated 21.03.2014.

(v) Girdhari Lal Nannelal vs. The Sales Tax Commissioner, reported in (1977) 39 STC 30 SC.”

14. On the other hand, the learned Government Advocate for the respondent submits that the petitioner is bound by the turnover declared on the Income Tax portal for the respective financial years and assessment years, and therefore, the impugned order does not merit any interference.

15. It is further submitted that this is the second round of litigation before this Court, as earlier assessment orders dated 13.09.2023 passed for the respective period were interfered with by this Court on 21.08.2024. Pursuant to the said order, the impugned orders in the present writ petitions have been passed. It is submitted that the impugned orders are detailed and reasoned orders and does not warrant any consideration.



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16. It is further submitted that the petitioner has an alternative remedy before the appellate forum against the impugned orders. It is also submitted that the writ petition has been filed belatedly. The impugned orders were passed on 08.11.2024 and subsequently modified on 11.11.2024, whereas the present writ petition has been filed only in July 2025. Therefore, in terms of the decision of the Hon'ble Supreme Court on the principles of laches, these writ petitions are liable to be dismissed.

17. Have considered the arguments advanced by the learned counsel for the petitioner and learned Government Advocate for the respondent and have also perused the impugned orders as well as the orders preceding the impugned orders, including the order of this Court dated 21.08.2024 in W.P.Nos.14865, 14869, 14873, 14875 & 14877 of 2024.

18. Whether the petitioner had indeed inflated the figures in the Income Tax portal for the purpose of securing contracts in the tenders floated by the respondents and various Government departments and local bodies requires a fresh look.



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19. Considering the huge difference between the bank receipts amounting to Rs.27,89,45,705/- and the turnover reported in the Income Tax portal at Rs.1,66,93,09,862/-, the records of the petitioner requires forensic examination to determine whether the petitioner actually had such a high turnover during the relevant periods in dispute, and whether liability can be fastened solely on the basis of the turnover declared by the petitioner in the Income Tax Portal.

20. At this stage, the learned Government Advocate for the respondent has informed that the GST Department's audit team has been directed to expeditiously carry out the forensic examination of the transactions.

21. Considering the fact that the assessment orders dated 13.09.2023, which were earlier passed, have now been superseded by the impugned orders dated 08.11.2024, as modified on 11.11.2024, this Court is inclined to dispose of these cases by remitting back to the concerned respondents to pass fresh orders on merits, subject to the following conditions:-

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(i) There shall be an audit of the petitioner's records for the entire period in dispute by the auditing wing of the respondents' GST Department.

The petitioner shall cooperate with the respondents by furnishing all data and documents, including passwords, for the forensic examination of the petitioner's book of accounts maintained physically and electronically.

(ii) The petitioner shall furnish all details of cash books, chitta, and any other records maintained by the petitioner and shall not suppress any information required for the audit.

(ii) The audit team shall endeavor to audit the petitioner's accounts and arrive at a conclusion regarding the actual or correct supplies (turnover) for the period in dispute as expeditiously as possible, preferably within a period of three months from the date of receipt of a copy of this order.

22. Considering the fact that this is the second round of litigation, and since the department has been deprived of the amount which would otherwise have been payable by the petitioner had the petitioner filed a further appeal before the Appellate Authority, this Court directs that the



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petitioner to make a total pre-deposit of Rs.30,00,000/- (Rupees thirty lakhs)

within a period of eight weeks from the date of receipt of a copy of this order.

23. Subject to the petitioner depositing the aforesaid amount, the attachment of the petitioner's bank account shall stand automatically lifted, as and when the petitioner deposits the said sum of Rs.30,00,000/-(Rupees thirty lakhs). The amount so deposited shall be directly transferred to the GST Department in compliance with this order.

24. A copy of this order shall be transmitted immediately, and upon confirmation of payment, the respondent shall intimate the department to lift the attachment.

25. This Writ Petition stands disposed of with the above observations.

No costs. Connected Writ Miscellaneous Petitions are closed.

03.12.2025

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Index : Yes/No

Neutral Citation : Yes/No



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To:

The State Tax Officer,
Inspection Cell – 3
O/o The Joint Commissioner (ST) (Int),
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C.SARAVANAN, J.

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