IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 21.11.2025

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.45550 of 2025
and
W.M.P.No.50729 and 50730 of 2025

Damro Furniture Private Limited,
Rep by Branch Accountant
D.Vaithyalingam. ... Petitioner

Vs.

The State Tax Officer,
Pallavaram Assessment Circle,
Integrated Commercial Taxes Building,
Nandanam, Chennai – 600 035. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, to call for records relating to the Impugned Order vide Form GST DRC – 07 bearing Reference Number ZD330225160774G dated 17.02.2025, passed by the Respondent herein to quash the same.

For Petitioner : Mr.G.Shivakumar

For Respondent : Mr.C.Harsharaj
Special Government Pleader

ORDER

Mr.C.Harsharaj, learned Special Government Pleader takes notice for the Respondent.

2. This Writ Petition is being disposed of at the stage of admission itself with the consent of the learned counsel for the Petitioner and the learned Special Government Pleader for the Respondent.

3. The Petitioner is before this Court against the impugned order dated 17.02.2025 passed under Section 73 of the respective GST enactments for the tax period 2020 – 2021. The Petitioner has responded to the Notice in

GST DRC - 01 dated 25.11.2024 vide reply dated 30.01.2025.

4. In the said notice, about four defects were pointed out. Inrespect of three defects, demand has been dropped. However, the defect No.4 i.e., under Section 17(5) of the respective GST enactments, the demand has been confirmed with the following observations:

> **"Under declaration of Ineligible ITC SGST – 398298/-, SGST-398298/-**
>
> *"The reason stated by the tax payer is not acceptable and it is reverse with interest at 18% under Section 50(1) of the TNGST Act, 2017 and penalty under Section 73(9) of the Act, 2017 at 10% of the disputed tax due.*
>
> *In the above, the tax payer has reply is examined and assessed for the year 2020-2021 as follows:*

Particulars	CGST	SGST	Total
Ineligible ITC u/s 17(5) of the Act 2017	3,98,298.00	3,98,298.00	7,96,596.00
Penalty u/s 73(9) of 16 at 10% of the tax due	39,829.00	39,829.00	79,658.00
Interest levied u/s of 50(1) of the Act 2017 at 18% 20.04.2021 to 15.02.2025	2,85,006.00	2,85,006.00	5,70,012.00

1451 days x 18% x 398298 -------------------------------- 365 x 100			
Total	7,23,133.00	7,23,133.00	14,46,266.00

5. The impugned order itself reproduces the defects and also the reply of the Petitioner. The reply of the Petitioner has been tabulated with reasons and is also supported with an Annexure enclosing the copy of the invoices in support of the defense of the Petitioner. However, there is no discussion on the same as is evident from the above extracted portion.

6. Considering the same, the impugned order is quashed as far as defect No.4 is concerned and the case is remitted back to the Respondent to pass a fresh order on merits considering the reply of the Petitioner as expeditiously as possible, in so far as defect No.4 is concerned.

7. Needless to state, before passing such order, the Petitioner shall be heard.

8. This Writ Petition stands disposed of with the above observations. No costs. Connected Writ Miscellaneous Petitions are closed.

21.11.2025

Neutral Citation:Yes/No
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To:

The State Tax Officer,
Pallavaram Assessment Circle,
Integrated Commercial Taxes Building,
Nandanam, Chennai – 600 035.

C.SARAVANAN, J.

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