BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 04.08.2025

CORAM:

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.(MD)No.21209 of 2025
and
W.M.P.(MD)Nos.16371 and 16372 of 2025

Tvl. Guruvammal Tex,
Rep. by its Proprietor - Karuppaye Thiruvannamalai,
84-A/15, Gnaniyar Kovil Street, Rajapalayam,
Virudhunagar – 626102. ... Petitioner

-vs-

1.The Assistant Commissioner (ST) - II,
Commercial Taxes Building,
Union Office Opposite, Tenkasi Main Road,
Rajapalayam - 626117, Virudhunagar District.

2.The Joint Commissioner (ST),
Virudhunagar.

3.The Commercial Tax Officer,
TNZ024, Virudhunagar. ... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, to issue a Writ of Certiorari, calling for the records of the impugned proceedings of the third respondent in Reference No.BL3303250001181 dated 25.03.2025 blocking a sum of Rs.43,58,856/- in the Electronic Credit Ledger of the petitioner and quash the same as arbitrary and contrary to law.

For Petitioner : Mr.K.Raja

For Respondents : Mr.R.Suresh Kumar
Additional Government Pleader

ORDER

This Writ Petition is disposed of, after hearing the learned counsel for the petitioner and the learned Additional Government Pleader appearing for the respondents.

2. The specific case of the petitioner is that the freezing of the electronic credit ledger, purportedly, in exercise of powers under Rule 86A of the respective GST enactments, vide order dated 25.03.2025, is erroneous.

3. The learned counsel for the petitioner submits that the impugned order blocking the electronic credit ledger does not contain any reasons and therefore, the same is liable to be quashed. It is further submitted that the petitioner's business has been severely affected on account of the said blocking. However, it is also submitted that the petitioner has been served with a notice in Form DRC-01 dated 23.04.2025, to which the petitioner has already responded by way of a reply dated 24.05.2025, followed by further replies dated 24.06.2025, 26.06.2025, and 01.07.2025.

4. It is the contention of the learned counsel for the petitioner that even assuming an adverse order is passed pursuant to the said notice, the respondents would at best be entitled to insist on payment of only 10% of the disputed tax amount, in accordance with law.

5. It is further submitted that only through the DRC-01 notice dated 23.04.2025, for the first time, the petitioner was informed that an amount of Rs.43,58,856/- had allegedly been availed as ineligible credit on supplies made by M/s.International Enterprises. The learned counsel for the petitioner contends that the credit so availed was legitimate, as it was based on genuine tax invoices issued by the said supplier and reflected in the auto-populated Form GSTR-2A.

6. Having considered the submissions of both parties and upon examining the relevant provisions of the GST enactments, particularly, Rule 86A and also taking note of the petitioner's initial admission dated 24.05.2025, followed by subsequent explanations/resiling from the said admission through communications dated 24.06.2025, 26.06.2025 and 01.07.2025, this Court is inclined to dispose of the writ petition with the following directions:-

(i) The petitioner shall deposit a sum of Rs.5,00,000/- (Rupees Five Lakhs only) in cash, as expeditiously as possible.

(ii) Upon such deposit, the credit blocked pursuant to the impugned order dated 25.03.2025 shall be unblocked forthwith.

(iii) Since the petitioner has already submitted replies to the DRC-01 notice dated 23.04.2025, the first respondent shall endeavour to pass final orders on merits and in accordance with law, as expeditiously as possible, preferably within a period of three (3) months from the date of receipt of a copy of this order.

(iv) Needless to state, the petitioner shall be afforded an opportunity of personal hearing before passing such final orders.

No costs. Consequently, connected Miscellaneous Petitions are closed.

NCC : Yes / No **04.08.2025**
Index : Yes / No
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C.SARAVANAN, J.

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