IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 06.02.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.4077 of 2026
and
W.M.P.Nos.4538, 4539 and 4540 of 2026

M/s.Sri Stones,
(Represented by its Proprietor)
Sribalan Varadharajan ... Petitioner

Vs.

1.The Deputy State Tax Officer – 2,
Rasipuram Circle,
Rasipuram.

2.The Branch Manager,
Canara Bank,
I-B, Jagai Street, Sendamangalam – 637 409. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, to call for the records in the Impugned Order passed by the 1st Respondent herein vide Form GST DRC – 07 vide Reference No.ZD330625233552K dated 23.06.2025 along with its accompanying detailed order dated 23.06.2025 for the year 2021-2022 and quash the same.

For Petitioner : Mr.K.A.Parthasarathy

For Respondents : Ms.Amirtha Poonkodi Dinakaran
Government Advocate
for R1

ORDER

Ms.Amirtha Poonkodi Dinakaran, learned Government Advocate takes notice for R1.

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 Government Advocate for R1.

3. In this Writ Petition, the Petitioner has challenged the impugned order dated 23.06.2025 passed by the 1st Respondent, whereby the tax liability confirmed against the Petitioner for the Tax Period 2021 – 2022 on account of Seigniorage fee or Royalty fee for quarrying.

4. The aforesaid demand pertains to payment of tax on Royalty fee paid to the Government on reversed charge basis which issue is now pending before the Hon’ble Supreme Court.

5. Under similar circumstances, cases have been remitted back to the Respondent to pass a order(s) on terms subject to such Assessee depositing 10% to 100% of the disputed tax depending upon the length of delay in approaching the Court. I do not find any reason to take a different view in this case.

6. Therefore, the case is remitted back to the 1st Respondent to pass an order subject to the Petitioner depositing 10% of the disputed tax in cash or from the Petitioner's Electronic Cash Register within a period of thirty (30) days from the date of receipt of a copy of this order.

7. Recovery of balance tax shall be however subject to the decision of the Hon’ble Supreme Court on payment of Seigniorage fee or Royalty fee for quarrying. In case decision of the Hon’ble Supreme Court is in favour of the Petitioner, the tax amount now directed to be pre-deposit shall be refunded back or re-credited in the Petitioner’s Electronic Cash Register. In case, the Hon’ble Supreme Court decides the case against the Petitioner, the Petitioner shall pay the tax amount subject to such amount as may be ordered to be paid.

8. Therefore, the Petitioner shall also file a reply to the Show Cause Notice dated 21.04.2025 in GST DRC-01 together with requisite documents to substantiate the case within a period of thirty (30) days from the date of receipt of a copy of this order.

9. In case the Petitioner complies with the above stipulations, the 1st Respondent shall proceed to pass a final order in line with the decision of the Hon'ble Supreme Court on payment of Seigniorage fee or Royalty fee for quarrying. Subject to the Petitioner complying with the above stipulations, the attachment of the bank account of the Petitioner shall also stand automatically vacated.

10. It is made clear that attachment of Petitioner's bank account shall be lifted subject to Petitioner depositing 10% of the disputed tax as ordered above and subject to Petitioner is not being in arrears of any other amount barring the amount demanded under the impugned Show Cause Notice.

11. In case the Petitioner fails to comply with any of the stipulations, the 1st Respondent is at liberty to proceed against the Petitioner to recover the tax in accordance with law as if this Writ Petition was dismissed *in limine* today.

12. Needless to state, before passing any such order, the 1st Respondent shall give due notice to the Petitioner.

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

06.02.2026

Neutral Citation: Yes / No
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<u>To</u>:

1.The Deputy State Tax Officer – 2,
Rasipuram Circle,
Rasipuram.

2.The Branch Manager,
Canara Bank,
I-B, Jagai Street, Sendamangalam – 637 409.

C.SARAVANAN, J.

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