IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 13.02.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.3956 of 2026
and
W.M.P.Nos.4403 and 4404 of 2026

M/s.Bharatham Stores,
Represented by its Proprietor,
Thirumani. ... Petitioner

Vs.

The State Tax Officer,
Purasavakkam Assessment Circle,
Chennai – 600 006. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, to call for the records on the file of the Respondent and to quash the impugned Assessment order dated 24.02.2025 bearing GSTIN NO.33AAGPT7541K1ZC/2020-21 passed by the Respondent as arbitrary.

For Petitioner : Mr.J.Ashish

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 Assessment order dated 24.02.2025, whereby the demand proposed in Show Cause Notice in Form GST DRC – 01 dated 25.11.2024 has been confirmed for the tax period 2020-2021. The revenue abstract in the impugned order reads as under:-

S.No	Description	SGST	CGST	IGST	CESS
1	2	3	4	5	6
1	Tax due on RCM liability	14,485	14,485	1,461	0
2	Excess claim of ITC	2,25,007	2,25,008	0	2,524
3	ITC reversal under Section 42	9,352	9,352	34,873	0
	Total tax due	**2,48,844**	**2,48,844**	**36,334**	**2,524**
4	Interest	1,72,541	1,72,541	25,193	1,750
5	Penalty	24,884	24,884	20,000	10,000
6	Late fee	9525	9525	0	0
7	**Total (1+2+3+4)**	**4,55,794**	**4,55,794**	**81,527**	**14,274**

4. It is noticed that as far as excess claim on ITC is concerned, the Petitioner had sought time by filing a reply dated 17.01.2025 for a period of thirty days. However, the Petitioner failed to challenged the same and therefore the demand has been confirmed on 24.02.2025.

5. As far as the tax due on RCM liability is concerned, the Petitioner has admitted to the liability and undertaken to pay the amount. As far as ITC reversal under Section 42 is concerned, the demand has been confirmed.

6. Although it appears that Section 42 has been deleted by the Finance Act, 2022 with effect from 01.10.2022, this aspect also ought to have been considered as to whether the operation of the above provisions would have entitled the Department to levy tax under Section 42 or whether the Petitioner was entitled for retrospective benefit for the period in dispute.

7. Considering the above and following the consistent view taken by this Court under similar circumstances, the case is remitted back to the Respondent to re-determine the liability of the Petitioner afresh subject to the

Petitioner depositing:-

(i) 25% of the disputed tax, insofar as the excess claim on ITC and ITC reversal under Section 42 alone is concerned;

(ii) the entire disputed tax admitted, insofar as the tax due on RCM liability is concerned; and

(iii) the entire amount demanded, insofar as the late fee is concerned;

either in cash or from the Petitioner's Electronic Cash Ledger within a period of thirty (30) days from the date of receipt of a copy of this order.

8. In case the Petitioner complies with the above stipulations, the Respondent shall proceed to pass a fresh order on merits by giving a revised calculation as far as the tax due together with the interest on the belated payment on tax and in accordance with law as expeditiously as possible, preferably, within a period of three (3) months of such reply/pre-deposit. Subject to the Petitioner complying with the above stipulations, the attachment of the bank account of the Petitioner shall also stand automatically vacated.

9. It is made clear that bank attachment shall be lifted subject to the Petitioner depositing the tax liability as ordered above and the Petitioner not being in arrears of any other amount for any other tax period barring the amount demanded under the impugned Order.

10. In case the Petitioner fails to comply with any of the stipulations, the 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.

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

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

13.02.2026

Neutral Citation: Yes / No
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To:

The State Tax Officer,
Purasavakkam Assessment Circle,
Chennai – 600 006.

C.SARAVANAN, J.

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