IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 30.01.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.2921 of 2026
and
W.M.P.Nos.3270 and 3271 of 2026

M/s.Dharmaraj
No.26, Ground Floor,
Ramesh Nagar Main Road,
Tambaram West, Chengalpattu,
Chennai-600 045.
Through its Sole Proprietor,
Mr.Dharamaraj ... Petitioner

Vs.

1.Union of India,
Represented by the Secretary,
Department of Revenue, Ministry of Finance,
Government of India, North Block,
New Delhi – 110 001.

2. The State of Tamil Nadu,
Through the Secretary Ministry of Finance,
Department of Revenue, Fort St.George,
Chennai-600 009.

3. The Assistant Commissioner of GST and Central Excise,
Office of Assistant Commissioner of GST and Central Excise,
Tambaram Division, Plot No.40, Ranga Colony,
Rajakilpakkam, Chennai – 600 073.

4. The Superintendent of GST and Central Excise,
Tambaram Range, Chennai Outer Commissionerate,
Plot No.40, Ranga Colony,
Rajakilpakkam, Chennai-600 073. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus, to call for the records pertaining to the Impugned proceedings initiated vide Show Cause Notice No.12/2025-GST-AC bearing reference No.RFN-MA3309252601530 dated 29.09.2025 issued by the Respondent No.3 and to quash the same as illegal and / or prohibiting the Respondents from proceeding further thereunder, as being without jurisdiction, contrary to the provisions of the CGST/TNGST Act,2017, and violative of Articles 14 and 265 of the Constitution of India.

For Petitioner	: Mr.Bharat Raichandani
For R1, R3&R4	: Mr.R.P.Pragadish, Senior Standing Counsel and Mr.J.Harikrishnan, Junior Staning Counsel
For R2	: Mr.TNC.Kaushik, Additional Government Pleader

****

ORDER

In this writ petition, the petitioner has challenged the impugned Show Cause Notice No. 12/2025-GST-AC dated 29.09.2025. The impugned Show Cause Notice proposes to levy tax on the seigniorage / Royalty fee payable to the Government of Tamil Nadu.

2. The learned counsel for the petitioner has drawn the attention of this Court to the view taken by this Court in decisions rendered under similar

circumstances in light of the fact that the aforesaid issue is now pending before the Hon'ble Supreme Court. Reliance is placed on the decision of the Hon'ble Division Bench in ***A. Venkatachalam v. Assistant Commissioner (ST), Palladam*** in W.P. No. 30974 of 2022, wherein it was ordered as under:-

"9. In these circumstances, we deem it fit and appropriate to issue the following directions:-

> (i) In the cases, where the challenge is made to the show cause notices, the writ petitioners shall submit their objections/representations within a period of four weeks from the date of receipt of a copy of this order.
>
> (ii) Upon receipt of the objections/representations from the writ petitioners, the authority concerned shall proceed with the adjudication, on merits and in accordance with law, after affording reasonable opportunity of being heard to the petitioners. However, the orders of adjudication shall be kept in abeyance until the Nine Judge Constitution Bench decides the issue as to the nature of royalty.
>
> (iii) It is made clear that there shall be no recovery of GST on royalty until the Nine Judge Constitution Bench takes a decision.
>
> (iv) Needless to state that on the matters being decided, the writ petitioners if still aggrieved, shall redress their grievance(s), if any, before the appropriate forum, including by filing appeal(s)
>
> (v) Insofar as the challenge to the notification as well as the circular, it is open to the writ petitioners to act upon, after the outcome of the case pending before the

> Nine Judge Constitution Bench.
>
> (vi) It is also made clear that all the contentions are left open for the writ petitioners to raise in appropriate proceedings, after the outcome of the decision of the Nine Judge Constitution Bench."

3. In view of the aforesaid judgment, this writ petition is liable to be disposed of on the same terms. Consequently, the petitioner is permitted to submit a reply to the Show Cause Notice within a maximum period of four weeks from the date of receipt of a copy of this order.

4. This Court has heard several cases, wherein either the Show Cause Notices or Assessment orders were under challenge. In cases, where the assessments orders were under challenge, the petitioners were directed to deposit 10% of the disputed tax. However, in the present case, the petitioner resisted the same in the light of the above decision of the Hon'ble Division Bench of this Court, which is now the subject matter of challenge before the Hon'ble Supreme Court in SLP (C) No. 37326 of 2017 batch, etc.

5. In view of the above decision of the Hon'ble Division Bench, the respondent is directed to adjudicate the Show Cause proceedings and keep the implementation of the impugned assessment order to be passed in abeyance, awaiting the decision of the Hon'ble Supreme Court.

6. This writ petition is disposed of with the above observations. No costs. Consequently, the connected W.M.Ps. are closed.

30.01.2026

nvi
Neutral Citations: Yes/No
To:
1.Union of India,
Represented by the Secretary,
Department of Revenue, Ministry of Finance,
Government of India, North Block,
New Delhi – 110 001.

2. The State of Tamil Nadu,
Through the Secretary Ministry of Finance,
Department of Revenue, Fort St.George,
Chennai-600 009.

3. The Assistant Commissioner of GST and Central Excise,
   Office of Assistant Commissioner of GST and Central Excise,
   Tambaram Division, Plot No.40, Ranga Colony,
   Rajakilpakkam, Chennai – 600 073.

4. The Superintendent of GST and Central Excise,
   Tambaram Range, Chennai Outer Commissionerate,
   Plot No.40, Ranga Colony, Rajakilpakkam, Chennai-600 073.

C.SARAVANAN, J.

nvi

W.P.No.2921 of 2026 and
W.M.P.Nos.3270 and 3271 of 2026

30.01.2026