IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25-02-2026

CORAM

THE HON'BLE MR JUSTICE C. SARAVANAN

WP No. 6089 of 2026
and
WMP Nos.6586 & 65872 of 2026

M/s. Palanivel Mattu Thivanam,
Rep. by its Proprietrix M.Palaniyammal,
D.No.1/352-B Kundrapalli Village,
Krishnagiri District – 635 11.

..Petitioner

Vs

The Deputy State Tax Officer – I(FAC),
Krishnagiri – 1 Assessment Circle,
Krishnagiri 635 001.
Krishnagiri District.

..Respondent

Prayer : Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari calling for the connected records pertaining to the impugned proceedings of the Respondent herein made in GSTIN: 33CQQPP0918N1ZA /2018-19 dated 23/04/2024 and QUASH the same as illegal and arbitrary.

For Petitioner : Ms.P.Velammal

For Respondent : Mr.TNC.Kaushik
Additional Government Pleader

Order

Mr.TNC.Kaushik, learned Additional 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 Additional Government Pleader for the Respondent.

3. In this writ petition, the petitioner is before this Court against the impugned order dated 23.04.2024, which is an *exparte* order passed against the petitioner for the tax period 2018-2019, pursuant to the Show Cause Notice in Form GST DRC – 01 dated 18.07.2022, in absence of any reply from the petitioner.

4. It is noticed that, for the succeeding tax period, a similar notice was issued in Form GST DRC-01 dated 27.09.2025. However, the demand proposed therein was dropped by the State Tax Officer in his proceedings dated 05.12.2025, with the following observations:

> *"Upon verification of the taxpayer's business premises and review of the relevant records, it is confirmed that the taxpayer is engaged exclusively in exempted supplies. As per Section 7(2) of the CGST Act, 2017, and Section 7(2) of the*

TNGST Act, 2017, activities or transactions specified in Schedule III are treated neither as a supply of goods nor a supply of services, and are thus outside the scope of GST. Since the taxpayer's supplies are exempt, they are not liable to pay GST.

The provisions of Section 23 of the CGST Act, 2017, and Section 23 of the TN GST Act, 2017, state that a person engaged exclusively in the supply of exempt goods or services is not required to register under GST. Given that the taxpayer is engaged exclusively in exempted supplies, they are not liable to pay the differential amount or any interest and penalty under the provisions of the TN GST Act, 2017, CGST Act, 2017, and IGST Act, 2017.

In view of the above, the taxpayer is hereby informed that they are not required to make any payment towards the differential tax liability. The case is considered closed, and a formal communication will be issued accordingly. The taxpayer's compliance with GST regulatiions is noted, and no further action is required in this matter, as per the provisions of the relevant GST laws."

5. *Prima facie,* the petitioner is not liable to pay tax on the supplies made by the petitioner.

6. In view of the above, this Court is inclined to remit the case back to the respondent for passing a fresh order de novo in respect of the impugned order dated 23.04.2024, after taking note of the order dated 05.12.2025, subject to the petitioner filing a reply to the Show Cause Notice in GST DRC-01 dated 18.07.2022 together with requisite documents to substantiate the case by treating the impugned Order dated 23.04.2024 as an addendum to the Show Cause Notice dated 18.07.2022, within a period of thirty (30) days from the date of receipt of a copy of this order.

7. In case the Petitioner complies with the above stipulations, the Respondent shall proceed to pass a final order on merits 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.

8. 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.

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

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

25-02-2026

Index: Yes/NoSpeaking/Non-speaking order
Neutral Citation: Yes/No

AV

To

The Deputy Sales Tax Officer – I(FAC),
Krishnagiri – 1 Assessment Circle,
Krishnagiri 635 001.
Krishnagiri District.

C.SARAVANAN J.

AV

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