IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16-06-2026

CORAM

THE HON'BLE DR JUSTICE G. JAYACHANDRAN
AND
THE HON'BLE MRS.JUSTICE N. MALA

Writ Appeal No.1636 of 2026
and
C.M.P.No.15019 of 2026

Tvl.Fox International
Rep.by its Proprietrix Arshee Naaz,
123/2, P.H.Road, Manali, Vaikadu Village,
New Town, Chennai-600 103.

..Appellant

Vs

The Deputy State Tax Officer-1 (ST),
(Also known as the Deputy Commercial Tax
Officer), Cholavaram Assessment Circle,
Room No.109, 1st Floor, Integrated Commercial
Taxes Building, Elephant Gate,
Wall Tax Road, Chennai-600 003.

..Respondent

Prayer: Writ Appeal filed under Clause 15 of the Letters Patent, to stay the order passed in the writ petition No. 48835 of 2025 dated 15.12.2024 pending disposal of the above writ appeal.

For Appellant: Mr.B.Satish Sundar

For Respondent: Ms.Amrita Poongodi Dinakaran
Government Advoccate (Taxes)

JUDGMENT

(Judgment of the Court was delivered by Dr.G.Jayachandran J.)

With the consent of both parties., this Writ Appeal is taken up for consideration.

2. The learned counsel appearing for the appellant submitted that the order of the learned Single Judge, imposing a pre-deposit of 100% of the tax demanded as a precondition to prefer the appeal, is arbitrary and contrary to the dictum of the Hon'ble Supreme Court. He further submitted that the whole object of setting aside a demand order is to conduct an adjudication *de novo*. However, the learned Single Judge erroneously treated the impugned order as an addendum to the show cause notice and directed the appellant to file a fresh reply. Further, the learned counsel for the appellant submitted that the observations of the learned Single Judge regarding the reply are pre-conclusive and prejudicial to the interest of the assessee.

3. The learned Senior Counsel appearing for the Department submitted that the assessee, having admitted the turnover in GSTR-1, suppressed some of the transactions while filing Form GSTR-3B. He contended that the tax has been levied based on comprehensive accounts filed subsequently for the admitted transactions. This was done after considering the assessee's reply, which was highly superficial and unsatisfactory. The learned Single Judge, having considered these facts, afforded an opportunity to the assessee to file an additional reply and directed the Assessing Officer to conduct a *de novo* enquiry and pass a fresh order.

4. The learned Single Judge has directed the assessee to deposit 100% of the tax demanded. The main contention raised by the learned counsel for the appellant before us is that when the assessment order has been set aside for a *de novo* enquiry, there need not be any precondition to deposit 100% of the tax demanded, as the demand itself has already been set aside.

5. Though the above submission apparently appears to be logical, we find that the tax has been assessed by the authority based on the admissions made by the assessee as declared in Form GSTR-I, though it was subsequently modified or altered while filing the consolidated return under Form GSTR-3B. The assessment order was passed on 22.11.2024. The total tax demanded is approximately Rs.42,99,105/-, in addition to which interest and penalty have been imposed.

6. The learned Single Judge, considering the period taken and the delay, directed the assessee to deposit 100% of the tax demanded (i.e., Rs.42,99,105/-). The impugned assessment order is not without basis, as it emanated from the returns filed by the assessee themselves. However, there is a factual dispute regarding the turnover declared under Form GSTR-I and Form GSTR-3B. This dispute is factual in nature and is appropriate for determination by the Assessing Officer. The learned Single Judge rightly remanded the matter back to the Assessing Officer to do so. Hence, we do not find any error in the said direction.

7. As far as the precondition is concerned, the learned Single Judge fixed 100% of the tax demanded to be deposited after taking into consideration the length of the delay in deciding the tax liability of the assessee. The said condition was passed to balance the interests of both the assessee and the revenue. However, directing the assessee to deposit the entire tax demanded even before finalising the quantum of demand in the *de novo* enquiry may not be appropriate.

8. From the assessment order, which has been set aside and remanded for fresh consideration, the total demand stands at a sum of Rs.75,02,412/- which includes tax, interest and penalty. Therefore, we are of the view that it is appropriate to direct the assessee to deposit a sum of Rs.25,00,000/- (which approximates 1/3 of entire demand) on or before 15.07.2026 along with an additional reply. On deposit of said amount and receipt of the reply, the

Assessing Officer shall reassess the accounts and pass appropriate orders within a period of four weeks thereafter.

9. With the above directions, this Writ Appeal stands disposed of. Consequently, the connected Miscellaneous Petition is closed. No costs.

(Dr.G.J.,J.) (N.M.,J.)
16-06-2026

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

rpl

To

The Deputy State Tax Officer-1 (ST),
(Also known as the Deputy Commercial Tax Officer),
Cholavaram Assessment Circle,
Room No.109, 1st Floor, Integrated Commercial
Taxes Building, Elephant Gate,
Wall Tax Road, Chennai-600 003.

DR.G.JAYACHANDRAN J.
and
N.MALA J.

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