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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05-11-2026

CORAM

THE HON'BLE MR JUSTICE KRISHNAN RAMASAMY

Case QR

WP Nos. 44265 and 44255 of 2026

and WMP Nos.49615, 49617, 49620, 49608, 49609 and 49610 of 2026

CNR:{HCMA012207532026}

Tvl.Royal Engineering Corporation,
Rep by its Sole Proprietor CU Mathews
Formerly at, Town Club Road, Block 17,
Neyveli Township, Cuddalore,
Tamil Nadu 607 801.
Presently at residing at Chirappurathu House,
Opposite to Mangalam School, Manganam,
Kottayam, Kerala 686 018.

..Petitioner in both W.Ps.

Vs

1. The Deputy State Tax Officer- 2, Panruti Rural
   Office of the State Tax Officer (ST), Panruti Rural,
   Old Kumbakonam Road, Commercial Tax Building
   1st Floor, Near Taluk office, Panruti 607 106

2. State Bank Of India
   Represented by its Branch Manager
   P.B No. 19, Thirunakkara S Road,
   Thirunakara Maidanam, Kottayam, Kerala 686 001

..Respondents in both W.Ps.

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PRAYER in W.P.No.44265 of 2026: The Writ Petition is filed under Article 226 of the Constitution of India seeking the issuance of a Writ of Certiorarified Mandamus calling for the records on the file of the 1st respondent pertaining to the impugned order bearing Reference No. GSTIN / 33AIPPM4721M1ZX / 2018-19 dated 08.04.2024 passed by the 1st Respondent under the provisions of the CGST Act, 2017, and quash the same, and pass a de novo order.

PRAYER in W.P.No.44255 of 2026: The Writ Petition is filed under Article 226 of the Constitution of India seeking the issuance of a Writ of Certiorarified Mandamus calling for the records on the file of the 1st respondent pertaining to the impugned order bearing Reference No. GSTIN / 33AIPPM4721M1ZX / 2019-20 dated 28.08.2024 passed by the Respondent under the provisions of the CGST Act, 2017, and quash the same, and pass such other orders as this Honble Court may deem fit and proper in the circumstances of this case and thus render justice.

For Petitioner(s): Ms. E.Shalini
in both W.Ps.

For Respondent(s): Mr. I. Dinesh
in both W.Ps. Additional Government Pleader (Taxes)

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COMMON ORDER

The present Writ Petitions have been filed challenging the orders dated 08.04.2024 and 28.08.2024 passed by the respondent.

2. The learned counsel for the petitioner submits that the disputed tax amount in W.P. No. 44255 of 2026 is Rs. 2,880/- along with interest of Rs.2,256/-, and in W.P. No. 44265 of 2026 is Rs. 324/- along with interest of Rs.4,152/-. She submits that these are minor breaches for which a penalty of Rs. 20,000/- (CGST + SGST combined) each has been imposed, which is on the higher side and totally contrary to the provisions of Section 126 of the Central Goods and Services Tax Act, 2017 / Tamil Nadu Goods and Services Tax Act, 2017 (hereinafter referred to as "the GST Act").

3. The learned counsel further submits that Section 126 of the GST Act mandates that no officer shall impose any penalty for minor breaches of tax regulations or procedural requirements, particularly for any omission or mistake in documentation which is easily rectifiable and made without fraudulent intent or gross negligence. By referring to the Explanation under the said Section, she submits that a breach shall be considered a 'minor breach' if the amount of tax

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involved is less than five thousand rupees. Therefore, the issue involved in the present case falls squarely under the ambit of a minor breach, and no penalty ought to have been imposed.

4. Mr.I.Dinesh, learned Additional Government Pleader appearing for the respondents, by referring to Section 126 of the Act, fairly concedes that the tax amount involved in the present case constitutes a minor breach and that there is no dispute on this aspect.

5. Heard the learned counsel for the petitioner and the learned Additional Government Pleader appearing for the respondents, and perused the materials available on record.

6. Section 126(1) of the GST Act reads as follows:-

> *"No officer under this Act shall impose any penalty for minor breaches of tax regulations or procedural requirements and in particular, any omission or mistake in documentation which is easily rectifiable and made without fraudulent intent or gross negligence.*
>
> *Explanation.—For the purpose of this sub-section,—*

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(a) a breach shall be considered a 'minor breach' if the amount of tax involved is less than five thousand rupees;

(b) an omission or mistake in documentation shall be considered to be easily rectifiable if the same is an error apparent on the face of record.

7. A reading of the above provision makes it clear that Explanation (a) defines a 'minor breach' as one where the amount of tax involved is less than five thousand rupees. In the present case, since the tax amount involved in both Writ Petitions is admittedly less than five thousand rupees, it constitutes a minor breach, and the respondent has no statutory power to impose a penalty.

8. Consequently, the orders imposing a penalty of Rs. 20,000/- each in both cases are unsustainable in law and are liable to be set aside; accordingly, the same are set aside. While setting aside the penalty, this Court directs the petitioner to pay the disputed tax as well as the interest within a period of four (4) weeks from the date of receipt of a copy of this order.

9. The Bank concerned is directed to de-freeze the bank account of the petitioner immediately upon the production of proof of payment of the disputed tax along with interest, and permit the petitioner to operate the account normally.

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10. With the above directions, these Writ Petitions are partly allowed. No costs. W.M.P. Nos. 49615 and 49608 of 2026 filed to dispense with the production of the certified copies of the impugned orders are allowed. Consequently, other connected Miscellaneous Petitions are closed.

05-11-2026

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To

1. The Deputy State Tax Officer- 2, Panruti Rural
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KRISHNAN RAMASAMY J.

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