IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 22.01.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.48858 of 2025
and
W.M.P.Nos.54567 and 54570 of 2025

M/s.Grace Metal Stores,
Rep.by its Prop.Mr.Devasigamani,
GSTIN:33AKRPD3600L2Z9
18, Malaiappan Street, Dhasari Batma Nagar,
Maduravoyal, Chennai-600 095. ... Petitioner

Vs.

The State Tax Officer,
Koyambedu Assessment Circle,
No.1, 5th Floor, PAPJM Annx.Building,
Greams Road, Chennai-600 006. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records pertaining to the impugned Order issued by the Respondent electronically through the Common Portal vide FORM GST DRC 07 Ref.No.ZD330625052320U dated 06.06.2025 and quash the same.

For Petitioner : Ms.Akila, S.
For Respondent : Mr.V.Prashanth Kiran
Government Advocate

ORDER

This is the second round of litigation before this Court by the petitioner.

2. Earlier, the petitioner has suffered from the Assessment Order dated 05.02.2024 which was challenged by the petitioner in W.P.No.19023 of 2024.

3. By order dated 05.08.2024 in W.P.No.19023 of 2024, the aforesaid Assessment Order dated 05.02.2024 has been set aside and the case is remitted back to the Respondent. The operative portion of the order dated 05.08.2024 in W.P.No.19023 of 2024 reads as under:-

> *"7. Upon examining the impugned orders, it is evident that the tax proposal was confirmed because the petitioner failed to reply to the show cause notice and also failed to attend the personal hearing. According to the petitioner, the reason for not sending their reply to the show cause notice that they were not aware of the notice issued through the GST Portal and the petitioner would be able to establish their case if an opportunity is provided. In these circumstances, it is just and necessary to provide an opportunity to the petitioner to contest the tax demand on merits by putting the petitioner on terms.*
>
> *8. In the aforesaid facts and circumstances, the impugned order as well as the connected Proceedings dated 05.02.2024 issued by the Respondent are set aside on condition that the petitioner remits 10% of the disputed tax demand in respect of the impugned assessment period within a period of four weeks from the date of receipt of a copy of this order and thereafter the petitioner is directed to file reply to the Show Cause Notice dated 01.11.2023, within a period of two weeks and on receipt of the reply, the Respondent shall consider the same and pass appropriate orders on merits and in accordance with law, after providing a reasonable opportunity to the Petitioner, including a personal hearing, within a period of four weeks thereafter."*

4. After the aforesaid order was passed on 05.08.2024, the petitioner was issued with a Show Cause Notice on 23.10.2024 to which the petitioner filed a reply on 05.11.2024. After considering the aforesaid reply dated 05.11.2024, the impugned Assessment Order dated 06.06.2025 impugned in

this writ petition has been passed. The operative portion of the impugned order reads as under:-

The tax payer had preferred an appeal before honorable High Court of Madras against orders vide reference in 4th cited to W.P No.19023 of 2024. The writ petition disposed of directing to the respondent is directed to provide a reasonable opportunity to the petitioner, including a personal hearing, and thereafter issue a fresh order from the receipt of the petitioner reply.

Based on the orders of the honorable High Court of Madras, a notice issued to the tax payer through e-mail and manually on 07.10.2024. They have filed reply on 17.10.2024 and 15.11.2024 through manually. On receipt of notice the taxpayer filed records like, Tax Invoice and E-Way bills and payment detailed like Bank Statement.

Tax payer reply was verified and found that,

i) They have not furnished lorry vouchers, Toll receipt, Petty Cash Vouchers for loading and unloading materials.
ii) They have not furnished stock register for entry and disposal of materials.
iii) They have not furnished ITC register.

From the above it's clearly proved there is no actual movement of goods for one end to another end. The verification report already given a report the supplier found non-existent at the register place of business. Further, on verification in portal their supplier Tvl. **LA STEEL, GSTN: 33BPKPN7742C1ZW** was **Cancelled w.e.f. 05.01.2020**, Cancelled on **31.05.2021** (by Application). **Therefore the claim of ITC is not eligible.**

Hence, they are requested to submit supporting documents through portal on 01.04.2025. The tax payer has not filed reply against notice through online/offline. Further reminder issued on 17.05.2025 with personal hearing scheduled on 21.05.2025. They have neither appeared the personal hearing scheduled nor submitted any sufficient document.

Though opportunity have been given to the taxpayer, they were not able to prove the correctness of ITC claim. Therefore the ITC reversal is confirmed under Section 74 of TN GST Act, 2017 and interest for the default period under section 50 and also levied penalty under section 74 of the Act.

ACT	Tax Due	Tax Paid on 16.10.2024	Interest from 20.04.2019 to 16.10.2024	Tax to be paid	Interest *	Penalty	Total (4 to 7)
1	2	3	4	5	6	7	8
SGST	233295	23330	18869	209965	193835	209965	632634
CGST	233295	23330	18869	209965	193835	209965	632634
IGST	0	0	0	0	0	0	0
TOTAL	466590	46660	37738	419930	387670	419930	1265268

* Interest calculated from 20.04.2019 to 05.06.2025.

ACT	TAX	INTEREST	PENALTY	TOTAL
SGST	209965	212704	209965	632634
CGST	209965	212704	209965	632634
IGST	0	0	0	0
TOTAL	419930	425408	419930	1265268

Note: Receipt of this order tax to pay within 30 days, 50% of the Penalty will be waive.

They are hereby directed to make the payment within three months failing which proceedings shall be initiated against to recover the outstanding dues as per Section 79 of the Act.

THENMOZHI

STATE TAX OFFICER,
KOYAMBEDU ASSESSMENT CIRCLE.

To
The Taxpayer.

5. It is noticed that there is no scope for interfering with the impugned order passed on 06.06.2025 as there is no material or procedural irregularity committed by the Officer while passing the impugned order.

6. Considering the facts, the petitioner may have a case on merits therefore, the petitioner can be given liberty to challenge the impugned order before the Appellate Authority subject to petitioner depositing another 40% of the disputed tax confirmed vide impugned Assessment Order dated 06.06.2025 over and above 10% already pre-deposited by the petitioner pursuant to the order dated 05.08.2024 in W.P.No.19023 of 2024 in cash or from the petitioner’s Electronic Cash Register within a period of 30 days from the date of receipt of a copy of this order. Learned counsel also consents for such pre-deposit.

7. In case the petitioner files such Appeal, the Appellate Authority shall dispose of the same on merits without further reference to limitation.

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 Appellate Authority shall give due notice to the Petitioner.

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

22.01.2026

ssn

Neutral Citation : Yes / No

To:

The State Tax Officer,
Koyambedu Assessment Circle,
No.1, 5th Floor, PAPJM Annx.Building,
Greams Road, Chennai-600 006.

C.SARAVANAN, J.,

ssn

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and
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