



W.P.(MD)No.2509 of 2020

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 25.03.2026

CORAM:

THE HONOURABLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

W.P.(MD)No.2509 of 2020

and

W.M.P.(MD)Nos.2159 and 2161 of 2020

Opal Energy Solution Pvt. Ltd.,
(Erstwhile M/s.Electrosteaks),
Rep. by its Director,
V.Ramaraj,
3/212, Renganayagipuram,
Peravoorani,
Thanjavur District - 614 804.

... Petitioner

-VS-

1.The Designated Committee under the
Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019
Rep. by Commissioner,
Tiruchirapalli Commissionerate,
Trichy.

2.The Commissioner,
Member Designated Committee under the Sabka
Vishwas (Legacy Dispute Resolution) Scheme 2019,
Tiruchirappalli Commissionerate,
Trichy.

... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, to
issue a Writ of Certiorarified Mandamus, calling for the records pertaining to the
impugned statement SVLDRS-3 No.L271219SV300724 in Declaration

Page 1 of 11



W.P.(MD)No.2509 of 2020

No.LD2810190000148 dated 27.12.2019 issued by the first respondent and to quash the same as arbitrary and illegal and for consequential direction directing the first respondent to consider the declaration filed by the petitioner taking into account the deposits made by them between March to July 2008 as per the provisions of the Act and the Circulars issued by the Department under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019.

For Petitioner : Mr.M.Narasimha Bharathi
for Mr.S.Muthuvenkataraman

For Respondents : Mr.R.Gowrishankar
Senior Standing Counsel

ORDER

The writ petition is filed seeking issuance of a Writ of Certiorarified Mandamus to call for the records relating to the impugned statement in Form SVLDRS-3, dated 27.12.2019, issued by the first respondent, to quash the same, and consequently to direct the first respondent to consider the declaration filed by the petitioner by taking into account the deposits made by them between March and July 2008, in accordance with the provisions of the Act and the Circulars issued by the Department under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019.



W.P.(MD)No.2509 of 2020

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2. Upon hearing the learned counsel for the petitioner and perusing the material records, it is the case of the petitioner that a demand of duty to the tune of Rs.2,22,93,244/- was raised vide show cause notice dated 21.05.2007. Aggrieved by the same, the petitioner approached the Settlement Commission.

3. The Settlement Commission, by order dated 08.02.2008, recorded that the petitioner had already paid a sum of Rs.1,83,91,666/- and determined the balance duty payable at Rs.39,01,578/-. According to the petitioner, a sum of Rs.38,84,280/- was subsequently paid in various instalments, leaving a balance of only Rs.17,298/-.

4. The petitioner had also challenged the order of the Settlement Commission by filing W.P.No.7465 of 2008, which came to be dismissed on 20.07.2018, thereby, confirming the duty liability of Rs.2,22,93,244/-.

5. In the above circumstances, upon the introduction of the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, the petitioner submitted a declaration in Form SVLDRS-1 on 28.10.2019. According to the petitioner, under the



W.P.(MD)No.2509 of 2020

scheme, upon payment of 60% of the tax dues, the balance amount, along with interest and penalty, would be waived. However, on 28.11.2019, the second respondent issued Form SVLDRS-2, being an estimate under Section 127 of the Finance Act, 2019, with revised computations. In the said estimate, a sum of Rs.39,01,578/- was shown as the basic duty payable, and the petitioner was called upon to pay a revised amount of Rs.15,60,631/-, after granting tax relief of Rs.23,04,947/-.

6. According to the petitioner, the authorities failed to take into account the payments amounting to Rs.38,84,280/- made in various installments, and the dues were computed without giving credit to the same. It is the contention of the petitioner that, if such payments were duly considered, no amount would remain payable, and the petitioner would be entitled to the full benefit under the scheme. In these circumstances, the petitioner has approached this Court.

7. The writ petition is resisted by the respondents by filing a counter affidavit. It is necessary to extract the contention of the respondents as set out in Paragraph No.4 of the counter affidavit, which reads as follows:-



W.P.(MD)No.2509 of 2020

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"4. With reference to the petitioner's averments in Para 4, 5, 6 and 7 of the affidavit, it is submitted that SVLDRS Scheme requires a declarant to make a true declaration by stating facts correctly. As per the SVLDRS scheme, the designated Committee is mandated to verify official records to verify the facts declared by the declarant and if the facts are different than what was declared by the Declarant, then a statement in form SVLDRS -2 to be issued indicating the estimated amount payable as per official records and by offering a personal hearing to the declarant whether he agrees with the amount specified by the Designated Committee. In the instant case, the petitioner filed Declaration ARN No.LD2810190000148 under the SVLDRS Scheme under category - "Arrears" with sub-category "Appeal not filed or appeal having attained finality" and inter alia declaring the Details of duty as "Basic Excise duties"- "Rs.2,22,93,244.00 and the "Pre-Deposit as Rs.2,22,75,946.00 because of which the system calculated and shown the "Tax Dues less Tax relief" as Rs.10,378.80. The official records / verification of facts furnished by the Range Officer revealed that the payment towards Duty as per the office records was Rs.1,83,91,666/- (which has been shown in the Settlement Commission's order). It further revealed that the amount of Rs. 21,70,000/- paid by the petitioner after Settlement Commission's order were paid under "other receipts". As the Petitioner was also liable for payment of interest as per Settlement Commission's order, the above payment represents only payment towards interest. In these circumstances, Rs.1,83,91,666/- which was paid as duty as per Settlement Commission's order was taken into account by the respondents out of total settled amount of Rs. 2,22,93,244. 00 and the balance amount of Rs.39,01,578/- was arrived at as the outstanding tax dues (arrears) as on the date of filing declaration by the petitioner. Thus the petitioner -Declarant was required to pay an estimated amount of Rs.15,60,631/- after a relief of Rs.23,40,947/-. Thus the claim of the petitioner for Rs.2,22,75,946/- towards pre-deposit does not represent payment towards duty. As the official records clearly indicated that the claimed pre-deposit amount was paid towards interest accounting code "00380087" under head "other receipts", accordingly, the respondents on 28.11.2019 issued SVLDRS - 2 namely estimate under Section 127



W.P.(MD)No.2509 of 2020

of the Finance Act, 2019 read with Rule 6 of the SVLDRS Rules 2019 - with revised computations, showing Rs.39,01,578/- as the basic duty payable and Pre-deposit as NIL, thereby calculating a revised due of Rs. 15,60,631/- with the tax relief of Rs.,23,04,947/-"

Thus, it is evident that the deposits claimed by the petitioner are not disputed by the respondents. However, since such payments were made under different heads, namely, interest and other deposits, the same were not taken into account while computing the amount payable under the scheme. The counter affidavit further highlights certain difficulties with reference to the software system maintained by the Department, stating that such entries are irreversible and irretrievable in nature.

8. The learned Counsel appearing for the respondents reiterated the submissions as set out in the counter affidavit.

9. I have considered the rival submissions made on either side and perused the material records of the case.

10. According to the learned counsel for the petitioner, the issue involved in the present case is no longer *res integra* and is squarely covered by the



W.P.(MD)No.2509 of 2020

judgment of this Court in **M/s.Vamsee Overseas Marine Private Limited vs. The Commissioner of Service Tax, Designated Committee¹**. Upon consideration of the said decision, it is seen that identical contentions raised by the parties were examined by this Court. The Court, speaking through Hon'ble Dr.Justice Anita Sumanth, ultimately, held in Paragraph No.8 as follows:-

"8. Having heard learned counsel, I am of the view that this writ petition must be allowed for the following reasons:

(i) Section 124(2) comes to the aid of the petitioner. It envisages two kinds of deductions: firstly, that any pre-deposit made at the stage of appellate proceedings under an indirect tax enactment be given credit to or secondly, any deposit made during enquiry, investigation or audit, be deducted when finalising the computation.

(ii) In the present case, the amount was not remitted towards pre-deposit. It was remitted during investigation and even prior to issuance of show cause notice and thus is, in my view, covered by the second limb of Section 124(2).

(iii)The rejection of the petitioner's computation is on the ground that the amount of Rs.16.58 lakhs accounted by the Department under a different accounting head. However, the fact that it has, in fact, been remitted and is available to the credit of the petitioner, is not denied. In such circumstances, the objection raised by the Revenue appears to be hyper-technical to say the least.

(iv) Accounting methodology cannot, and must not dictate or stand in the way of substantive relief that is otherwise available to an assessee. Accounting standards and methods are only formulated to aid proper recording of transactions and have limited relevance in deciding

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W.P.(MD)No.2509 of 2020

upon a substantive issue, such as the present. Useful reference may be made to the judgment of the Supreme Court in *Kedarnath Jute Mfg. Co. Ltd vs Commissioner of Income Tax* (82 ITR 363) to the effect that accounting entries are hardly relevant to arrive at the true nature of a transaction and will not be decisive or conclusive in deciding a substantive issue.

(v) Moreover, the object of the scheme should not be lost sight of, as the scheme has itself been formulated for the smooth settlement of disputes. Interpretation of the provisions thereof should be to carry forward the object rather than to frustrate the same, giving rise to more litigation."

Thus, the issue is no longer *res integra*, and I am in complete agreement that the present case is also governed by the findings rendered therein.

11. The plea relating to payments made under different heads, as well as the difficulties expressed with regard to the software system, are purely procedural and hyper-technical in nature, which the respondents ought to overcome. When the scheme itself has been framed with the objective of resolving legacy disputes, the underlying intent is to facilitate recovery of dues while granting relief to the declarant, without being hindered by technical considerations. Therefore, even while implementing the scheme, such technical objections cannot be sustained, particularly, when the petitioner has, to the satisfaction of the respondents,



W.P.(MD)No.2509 of 2020

deposited an amount that is substantially close to 100% of the arrears. In such circumstances, the petitioner is clearly entitled to the relief sought for in the present writ petition.

12. In view thereof, the writ petition stands allowed on the following terms:

(i) The impugned Statement in Form SVLDRS-3, dated 27.12.2019, is declared to be illegal insofar as it fails to take into account the deposits made by the petitioner under other heads.

(ii) It is further declared that the petitioner has paid an amount exceeding what is required under the said scheme, and consequently, no further amount remains payable by the petitioner in respect of the arrears in question.

No costs. Consequently, the connected Miscellaneous Petitions are closed.

25.03.2026

NCC : Yes

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To:-

1. The Commissioner,
The Designated Committee under the
Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019
Tiruchirapalli Commissionerate,
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W.P.(MD)No.2509 of 2020

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W.P.(MD)No.2509 of 2020

D.BHARATHA CHAKRAVARTHY, J.

smn2

W.P.(MD)No.2509 of 2020

25.03.2026

Page 11 of 11