BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Dated: 27.03.2026

CORAM

**THE HONOURABLE MR JUSTICE D.BHARATHA CHAKRAVARTHY**

**W.P(MD)No.8246 of 2026**
**and**
**W.M.P(MD)Nos.6745 and 6746 of 2026**

AR A S Appliances Private Limited
Rep By Managing Director Mr Suresh K No.35/1
Samayanallur Road
Vilangudi
Madurai 625 018. ... Petitioner

Vs.

The Assistant Commissioner (ST),
West Veli Street Assessment Circle,
Ground Floor,
C.T Complex,
Dr.Thangaraja Salai,
K.K Nagar,
Madurai 625 020. ...Respondent

**Prayer:** Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of OF CERTIORARI calling for the records relating to the Impugned Order vide FORM GST DRC 07 bearing Reference Number ZD331225368950B dated 24.12.2025, passed by the Respondent herein, to quash the same and pass such other further or other orders as this Honble Court may deem fit in the facts and circumstances of the case and thus render justice.

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|---|---|
| For Petitioner | :Mr.G.Shiva Kumar |
| For Respondent | :Mr.R.Suresh Kumar<br>Additional Government Pleader |

**ORDER**

The writ petition is filed challenging the impugned order dated 24.12.2025. The impugned order is an assessment passed under Section 73 of the TNGST Act, 2017.

2. Heard Mr.G.Shiva Kumar, learned counsel appearing for the petitioner and Mr.R.Suresh Kumar, learned Additional Government Pleader, who takes notice on behalf of the respondent.

3. Upon hearing the learned counsel for the petitioner and perusing the material records of the case, the grievance of the petitioner is that the major discrepancy in the impugned order is the imposition of tax at the rate of 18% on the corporate guarantee provided by the petitioner company to a related person.

4. The learned counsel for the petitioner would submit that as far as the corporate guarantee is concerned, only 1% of the turnover is liable to be taxed at the rate of 18% and not the entire turnover, even with reference to that 1%, the petitioner also relies on certain circulars and earlier orders passed by this Court, which have been circulated by the learned counsel.

5. The learned Additional Government Pleader for the respondent would submit that the petitioner has the remedy of filing an appeal and without availing of this alternate remedy, the petitioner has approached this Court.

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

7. *Prima facie*, it appears that the major portion of the tax liability imposed by the impugned order is related to the corporate guarantee. The learned counsel for the petitioner submits that only 1% of the turnover is subject to taxation. This position could not be seriously disputed by the learned Additional Government Pleader.

8. Further, the learned counsel for the petitioner points out that the benefit of Circular No. 199/11/2023-GST dated 17.07.2023, Circular No. 204/16/2023-GST dated 27.10.2023, Circular No. 210/4/2024-GST dated 26.06.2024, and Circular No. 225/19/2024-GST dated 11.07.2024 operates in his favor. The learned counsel also refers to the judgment of this Court in the case of **M/s. Amman Try Trading Company Private Limited v. The State Tax Officer (2025 (10) TMI 1178 – Mad HC)**.

9. In light of the above, I am of the view that this is a fit case where the impugned order should be set aside and the matter should be remitted back to the respondent for fresh consideration.

10. Accordingly, the writ petition is allowed on the following terms:-

i. The impugned order dated 24.12.2025 is set aside inasmuch as it holds against the assessee, with the exception of the issue concerning the corporate guarantee. In respect of the other items, the findings shall be deemed valid.

ii. The respondent shall address the defect concerning the corporate guarantee alone and the petitioner shall have the opportunity to appear before the respondent and submit any reply/ additional documents in support of their position.

iii. The respondent shall consider the issue raised by the petitioner, specifically that only 1% of the turnover should be taken into account, as well as the other submissions regarding the applicability of the circulars and the earlier judgment of this Court.

iv. The respondent shall pass fresh orders with respect to the corporate guarantee issue alone.

v. No costs. Consequently, connected miscellaneous petitions are closed.

27.03.2026

NCC:Yes/No
rgm

**D.BHARATHA CHAKRAVARTHY, J.**

rgm

To

The Assistant Commissioner (ST),
West Veli Street Assessment Circle,
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