BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Dated: 03.06.2026

CORAM

THE HONOURABLE MR JUSTICE D.BHARATHA CHAKRAVARTHY

W.P(MD)No.14726 of 2026
and
W.M.P(MD)No.11074 of 2026

Tvl. CS TIMBERS and LORRY SERVICE,
Represented by its Proprietor,
C. Selvin Lal, GSTIN – 33ALLPS5706R1ZC,
36-5A, Pacode,
Gnaramvilai Junction,
Pacodu,
Kanniyakumari - 629 168. ... Petitioner

Vs.

The State Tax Officer,
Thuckalay - 1 Assessment Circle,
Commercial Taxes Buildings,
Kattathurai. ...Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of CERTIORARIFIED MANDAMUS, to call for the records on the file of the respondent in GSTIN - 33ALLPS5706R1ZC/2021-22 dated 27.12.2025 for the assessment year 2021-22 passed by the Respondent under section 73 of TNGST Act 2017 and to quash the same as cryptic, non-speaking, illegal, arbitrary, wholly without jurisdiction and direct the respondent to pass assessment order afresh after affording opportunity of being heard and pass such further or other orders as this Honble Court may deem fit and proper in the circumstances of the case and thus render justice.

For Petitioner	:Mr.N.Sudalai Muthu
For Respondents	:Mr.R.Parthiban Government Advocate

ORDER

This writ petition challenges the impugned order dated 27.12.2025, which is an assessment order passed under Section 73 of the TNGST Act 2017.

2. I have heard the learned counsel for the petitioner and the learned Government Advocate representing the revenue.

3. By the impugned orders, the assessment was made ex parte because the petitioner did not utilise the opportunities provided. The discrepancies and grounds on which the assessment order was issued, the dealer's explanation on merits, and the reasons for not participating in the assessment proceedings are summarised briefly and presented in a table below:

Discrepancies found/Grounds on which the order is passed	Explanation offered by the Assessee on merits	Explanation for not availing the opportunity
The respondent alleged that the petitioner had wrongly availed Input Tax Credit and failed reverse proportionate ITC attributable to exempt supplies, invoking Section to 17(2) read with Rules 42 and 43 of the GST Rules. A demand of Rs.10,30,330/-was raised towards ITC reversal on the premise that common inputs were used for both taxable timber and exempt firewood. The respondent treated the inputs as common credit and applied a proportionate reversal formula. Interest and penalty were also levied under Section 73 of the TNGST Act.	The petitioner purchases live rubber trees which naturally yield timber (taxable) and firewood (exempt) during processing. Firewood emerges only as an incidental by-product and not through any independent consumption of inputs. Therefore, there is no identifiable common credit warranting reversal under Section 17(2). The respondent mechanically applied Rule 42 without establishing actual common usage of inputs. The petitioner had also submitted a reply explaining the nature of business and accounting treatment, but the same was not properly considered.	Though the petitioner had responded to the notices and complied with discrepancies, complete certain supporting records relating to the ITC issue could not be furnished in time. The part-time accountant handling GST compliance was on prolonged medical leave during the relevant period. Being a small-scale trader without sophisticated accounting support, the petitioner was unable to effectively compile and present all records. Despite these genuine difficulties, no meaningful opportunity was granted to produce the remaining documents. Consequently, the impugned order was passed without proper consideration of the petitioner's case.

4. Considering the nature of the discrepancies noted, the explanation provided by the assessee and the reason given before this Court for not availing the opportunity, I believe that an opportunity can be granted to the assessee to present their submissions and produce the

relevant supporting documents before the respondent assessing officer. This Court has been extending such opportunities on equitable grounds; however, under appropriate conditions. Therefore, an opportunity is granted to the petitioner assessee on the condition of depositing 25% of the disputed tax amount.

5. In view of this, the writ petition is allowed on the following terms:-

i. Within four weeks of receiving the web copy of the order, the petitioner shall deposit 25% of the disputed tax amount with the respondent, without waiting for a certified copy of the order.

ii. Upon such deposit, the impugned order dated 27.12.2025 shall stand set aside, and the matter shall stand remanded back to the file of the respondent.

iii. The assessee shall appear before the respondent without fail and submit their reply and documents in support of their claim, and it is for the respondent to consider the matter afresh and pass orders in accordance with law.

iv. Since the impugned order of assessment is set aside, any attachment of the bank account made pursuant to the impugned order shall stand raised.

v. No costs. Consequently, the connected miscellaneous petition shall stand closed.

03.06.2026

NCC:Yes/No
rgm

To

The State Tax Officer,
Thuckalay - 1 Assessment Circle,
Commercial Taxes Buildings,
Kattathurai.

<u>D.BHARATHA CHAKRAVARTHY, J.</u>

<u>rgm</u>

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