BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Dated: 11.06.2026

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THE HONOURABLE MR JUSTICE D.BHARATHA CHAKRAVARTHY

W.P(MD)No.15700 of 2026
and
W.M.P(MD)No.11781 of 2026

Srinivasa Traders,
Represented by its Proprietrix M.Santhi,
GSTIN 33DMGPS3285G1ZT,
1249, Manamelgudy Sethu Road,
Pudukkoitai – 614 620. ... Petitioner

Vs.

The Deputy State Tax Officer,
Aranthangi Assessment Circle,
Commercial Taxes Buildings,
Aranthangi-614616. ...Respondent

Prayer: Writ Petition, filed under Article 226 of the Constitution of India, praying this court to issue a Writ of Certiorarified Mandamus or any other appropriate writ, order or directions under article 226 of the Constitution of India, to call for the records on the file of the respondent in GSTIN. 33DMGPS3285G1ZT/2021-22 dated 10.11.2025 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 or pass such further or other orders as this Honble court may deem fit and proper in the circumstances of this case and thus render justice.

For Petitioner	:Mr.N.Sudalai Muthu
For Respondents	:Mr.P.Rajagopalan Government Standing Counsel

ORDER

This writ petition challenges the impugned order dated 10.11.2025, 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 Standing Counsel representing the revenue.

3. By the impugned order, 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 excess availment of ITC of Rs.1,74,704/- based on differences between GSTR-3B and GSTR-2A. The respondent further invoked Section 17(2) read with Rule 42 alleging failure to reverse proportionate ITC attributable to exempt supplies. The existence of exempt turnover was treated as sufficient ground for reversal of ITC. Tax, interest and penalty were consequently levied under Section 73 of the TNGST Act. The assessment order was passed ex parte based on portal-generated data.	The alleged GSTR-2A mismatch arose because certain suppliers had wrongly reported transactions as B2C instead of B2B, resulting in non-reflection of genuine purchases in GSTR-2A. The petitioner possesses valid purchase invoices, books of accounts and supplier confirmations establishing the genuineness of the transactions. The respondent mechanically invoked Rule 42 without identifying any specific common input or input service used for both taxable and exempt supplies. Mere existence of exempt turnover does not automatically warrant reversal under Section 17(2). Therefore, the demand is based on assumptions, portal mismatch and incorrect application of Rule 42 without factual verification.	(i) Unaware of the proceedings as notices were only uploaded on the GST portal. Being a small-scale unit, the petitioner relied on a part-time accountant for GST compliance. (ii) The accountant failed to inform the petitioner about the show cause notice and hearing dates. (iii) No effective service of notice was made as per Section 169 of the TNGST Act. Hence, the petitioner was deprived of an submit opportunity to objections or attend personal hearing.

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 10.11.2025 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 petitions are closed.

11.06.2026

Index: Yes
Speaking Order: Yes
Neutral Citation: No
rgm

D.BHARATHA CHAKRAVARTHY, J.

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To

The Deputy State Tax Officer,
Aranthangi Assessment Circle,
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