BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED :23.02.2026

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THE HONOURABLE MR.JUSTICE KRISHNAN RAMASAMY

W.P.(MD)No.36027 of 2025
and WMP(MD) Nos.28631 and 28633 of 2025

Global Poly Bags Industries Pvt Ltd.,
Represented by its Managing Director
T.Muralidharan
500A Perali Road
Virudhunagar
Tamilnadu 626 001. ... Petitioner

Vs

The Assistant Commissioner (St),,
Virudhunagar Ii Assessment Circle,
Virudhunagar Division,
Virudhunagar -626001. ... Respondent

PRAYER :- Writ Petition, filed under Article 226 of the Constitution of India, praying this court to issue a Writ of Certiorari calling for the records in File No GSTN 33AABCG2203K1Z4 /2018-19 on the files of the Respondent and quashing the impugned assessment order dated 16-09-2025 with the reference ZD330925178584V.

For Petitioner :Mr.J.Shankar Raman for
Mr.S.Muthuvenkataraman
For Respondents :Mr.R.Suresh Kumar
Addl. Government Pleader

O R D E R

Challenging the impugned assessment order of the respondent dated 16.09.2025 with the reference ZD330925178584V, the petitioner is before this Court.

2. Heard the learned counsel for the petitioner and the learned Additional Government Pleader for the respondent.

3. The learned counsel for the petitioner would submit that due to lack of understanding on the part of the respondents, on the aspect of difference between the Form GSTR9 and profit and loss account to the tune of Rs.22,86,63,596.95/-, the impugned order came to be passed. He would further submit that the turnover mentioned in GSTR9 will always exclude the GST, SGST, CGST, Cess and other exemptions, whereas the turnover mentioned in profit and loss account will include all the taxes, viz., GST, SGST, CGST, IGST, etc. Due to the said aspect, there was a difference, in GSTR9 and profit and loss account, to the extent of Rs. 22,86,63,596.95/-. To reconcile the said difference, the petitioner had also filed the Form GSTR-9C.

4. Even though it was explained, the respondent, without application of mind, failed to accept the contention of the petitioner and rejected the same. He would further submit that the total turnover as per Profit and Loss account is a sum of Rs.308,55,13,399.58/- and taxable turnover as declared in GSTR-09 is to the tune of Rs.285,68,49,803.13/-. The difference has been clarified in GSTR-9C to an extent of Rs. 22,86,63,596.95/-.

5. The difference was explained as follows:

(i) GST Collected – Rs.14,00,96,450/-

(ii) 3% export bill incentive – Rs.2,33,53,560.56/-

(iii) Exchange profit – Rs.6,52,13,585.89/-

6. According to the learned Additional Government Pleader, as far as export bill incentive as well as exchange profit are concerned, the respondent authorities have no objection. However, the objection is with regard to GST collected to an extent of Rs.14,00,96,450/-. He would contend that the entire GST collected should have been included in the turnover as reflected in GSTR-

7. I have considered the said submissions and perused the materials available on record.

8. Considering the submissions made, when the petitioner offered his explanation with regard to the difference under three heads (supra), the respondent accepted the same with regard to 3% export bill incentive and exchange profit. However, the respondent has refused to accept the explanation given by the petitioner and adjudicated that the turnover under GST Law includes the GST collected to the tune of a sum of Rs. 14,00,96,450/-.

9. For better appreciation, Section 2(112) of the GST Act, which defines the word "turnover", is extracted as under:

> *"Section 2(112): turnover in State/UT means Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State/UT by a taxable person, exports of goods or services of both and inter-state supplies of goods or services or both made from the State/UT by the said taxable person, but excludes central tax, state tax, union territory tax, integrated tax and*

cess;

10. A reading of the above definition for 'turnover', makes it clear that the turnover excludes Central Tax, State Tax, Union Territory Tax, integrated tax and cess. Therefore, wherever the word 'turnover' used in any of the GST Returns, it will only a taxable turnover under Section 2(112) of the Act 2017 excluding the central tax, State tax, Union territory tax, integrated tax and cess. (as rightly contended by the learned counsel for the petitioner).

11. However, due to lack of understanding by the respondent, they made assessment by stating that the turnover in GST Law would include SGST, CGST, IGST and cess. On the other hand, as per the definition of the word “turnover” provided at Section 2(112) of the GST Act, it will not include the aforesaid SGST, CGST, IGST and cess, whereas in the profit and loss account, all the taxes will be included. Accordingly, in the turnover mentioned in petitioner’s profit and loss account, they had included all the taxes, due to which, there was a difference between the turnover mentioned in GSTR9 and the turnover mentioned in profit and loss account of the petitioner. Under these circumstances, due to misinterpretation of definition of “turnover” in GST Law, the respondent

had passed the impugned assessment order as if there was a concealment of turnover on the part of the petitioner to the extent of GST collection, which is totally incorrect and also against the GST Law.

12. As stated above, the turnover in GST Law will not include CGST, SGST, IGST and cess. The said aspect is basic Law of GST. However, it is unfortunate that without understanding the aforesaid basic concept of GST Law, the Assessing Officers are passing orders under the misapprehension that the turnover will include all the aforesaid taxes. If the assessment orders are passed in this manner, definitely it will create great hardship for all the business people, due to which, instead of concentrating in business, they will be tied up with litigation before the Court of law. These litigation will not only waste the precious time of this Court but also the Department and the Assessees. In such case, instead of wasting their time, the respondent would have concentrate on the other GST matters, where the real concealment occurs. Therefore, this Court is of the considered view that the Chief Commissioner of GST shall take appropriate steps to educate the Assessing Officers with the basics of GST Law, in order to avoid multiplicity of litigation.

13. In view of the above discussion, though it is a fit case to quash

the entire proceedings, this Court is inclined to remit the matter back to the respondent for re-consideration, so as to enable the respondent herein to understand the order passed by this Court and pass suitable orders. Accordingly, the impugned order dated 16.09.2025 is set aside and the matter is remitted back to the respondent for fresh consideration.

14. While re-consideration, the respondent is directed to take note of the observations made hereinabove that GST will not be included in the turnover in any of the GST Returns. This is because, in the definition of the turnover under the GST Law, it has been clearly spelt out that the turnover will not include all the taxes. Accordingly, the writ petition is disposed of. No costs. Consequently connected Miscellaneous Petitions are closed.

23.02.2026

NCC :Yes/No
Index :Yes/No

RR

To

The Assistant Commissioner (St),,
Virudhunagar Ii Assessment Circle,
Virudhunagar Division,
Virudhunagar -626001.

KRISHNAN RAMASAMY, J.

RR

W.P.(MD)No.36027 of 2026

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