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By Nidhi, Advocate



Judgment No.: 171
Dt.:04-09-2024



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Judgment Deals With

Reopening the case and issuing a new SCN for the same year without providing specific reasons or addressing the petitioner's detailed reply is improper and in violation of the principles of natural justice.

Section/Rule	Section 73
Authority	Madras High Court
Case Name	M/s. Ella Tea Industry VS The Deputy State Tax Officer-I
Dated	08 th August, 2024
Citation	W. P. No. 19671 of 2024

Brief facts of the case:

The Petitioner is engaged in the Tea Industry. Upon scrutiny under Section 61 of CGST Act, for the year 2018- 2019, the Department found some discrepancies in the petitioner's tax return and issued a show cause notice (SCN) dated 25.11.2021. The petitioner submitted its reply on 19.12.2022 with supporting documents, and the Department, being satisfied with the explanation provided, dropped further proceedings against the petitioner vide order dated 03.01.2023.

Despite the closure of the matter on previous occasion, the Department issued another SCN on 28.12.2023, alleging that the petitioner had availed excess ITC for the same year 2018-2019, and was required to reverse the same.

Pursuant to the same, the petitioner prepared its detailed reply and uploaded it on the common portal on 15.02.2024 with all necessary documents.

However, the Department, without duly considering the reply submitted by the petitioner, simply confirmed the proposal stated in the SCN dated 28.12.2023 and passed a demand order under Section 73(9) of the TNGST/CGST Acts, 2017, on 29.04.2024.

Aggrieved by the same, the petitioner has filed the present writ petition to quash the said order.

Contention of the Petitioner:

After considering the reply and supporting documents filed by the petitioner in the earlier proceedings, the Department had dropped the charges for the assessment year 2018-2019.

Yet, without assigning any specific or new reasons, the Department reopened the case and passed the impugned orders for the very same year.

The Department's failure to address the grounds raised in the petitioner's detailed reply is in violation of the principles of natural justice.

Findings & Decision of the Court:

It is an admitted fact that in respect of the issue pertaining to the assessment year 2018-2019, the Department had already dropped the proceedings after being satisfied with the petitioner's reply submitted by them.

Despite this, the Department reopened the case and issued a SCN for the very same assessment year 2018-19, which ultimately ended in passing of the impugned order.

Though the petitioner submitted its detailed reply to the said notice, the Department rejected the same by simply stating "not satisfied", without giving any adequate or specific reason.

Such course adopted by the Department is contrary to law and in violation of the principles of natural justice. Therefore, the order impugned herein is liable to be set aside.

Thus, the order dated 29.04.2024 was set aside and the Department is directed to pass a detailed order afresh, on merits and in accordance with law, more specifically addressing each grounds raised by the petitioner in their reply.