GSTAT

Division Bench Court No. Court I

APL/30/RPR/2026

JANA SMALL FINANCE BANK LIMITED ....**Appellant**

Versus

SHRI PUSHPENDRA KUMAR MEENA, COMMISSIONER (STATE GST) CHHATTISGARH, GST BHAVAN SECTOR 19 ATAL NAGAR RAIPUR CHHATTISGARH 492002 ....**Respondent**

Counsel for Appellant
MR. CHAKRADHAR S RAO T, ADVOCATE

Counsel for Respondent
MR. ABHAY TIWARI, ADVOCATE

Hon'ble Pradeep Kumar Vyas, Member (Judicial)
Hon'ble Chandra Bhushan Singh, Member (Technical)

Form GST APL-04A
[See rules 113(1) & 115]

Summary of the order and demand after issue of order by the GST Appellate Tribunal

Whether remand order: No

Order reference no.: ZA220050926000202H **Date of order:** 22/09/2026

1.	GSTIN/Temporary ID/UIN - 22AABCJ7024M1ZN	
2.	Appeal Case Reference no. - APL/30/RPR/2026	Date - 22/05/2026
3.	Name of the appellant - JANA SMALL FINANCE BANK LIMITED, kiran.ks@janabank.com , 7829722006	
4.	Name of the Respondant - 1. Shri Pushpendra Kumar Meena, cctd.cg@gov.in , 0771251266	
5.	Order appealed against - AD220324049136G	
	(5.1) Order Type - Demand Order	
	(5.2) Ref Number - ZD220625012745L	Date - 17/06/2025
6.	Personal Hearing - 22/09/2026 15/09/2026 01/09/2026 27/07/2026	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	**Order in brief** - The present appeal challenges the Order-in-Appeal dated 21.03.2025 affirming demand arising from unreconciled turnover of ₹3,51,68,888 disclosed in Table	

	7G of GSTR-9C for July 2017 to March 2018. The Proper Officer treated the amount as taxable at 18%, as the appellant failed to substantiate its claim that ₹3,51,62,835 represented exempt interest-related adjustments attributable to other States. The appellant relies on Entry 27 of Notification No. 12/2017-Central Tax (Rate), whereas the respondent disputes the nature, State-wise attribution and documentary substantiation of such adjustments. The principal issue is whether the disputed turnover represents exempt interest income or taxable turnover.

Summary of Order

9.	If demand order then whether demand quantified: Yes

Section-I

Particulars	Central tax		State/UT tax		Integrated tax		Cess		Total	
	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount
1	2	3	4	5	6	7	8	9	10	11
(a) Tax	3165020	3165020	3165020	3165020	0	0	0	0	6330040	6330040
(b) Interest	3131029	3131029	3131029	3131029	0	0	0	0	6262058	6262058
(c) Penalty	316502	316502	316502	316502	0	0	0	0	633004	633004
(d) Fees	0		0		0	0	0	0	0	0
(e) Others										0
(f) Refund										0

10.	For Other orders and Demand orders which are not quantified:	
Issues as raised by proper officer	Issues as determined by Appellate/Revisional authority	Order by GST Appellate Tribunal
Denial/blocking of ITC	Confirmation of Order in Original Findings	

Place: RAIPUR

Date: 22.09.2026

Signature

RAIPUR Pradeep Kumar Vyas
Designation: Member
Jurisdiction: Raipur

FINAL ORDER

Date of Hearing: - 15.09.2026

Date of Order 22 .09.2026

*(Pronounced in Open Tribunal dated **22.09.2026**)*

Per: Pradeep Kumar Vyas Member (Judicial)

1. This appeal has been preferred under Section-112(1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the "GST Act, 2017") against the order dated 21.03.2025 passed by the Appellate Authority and Joint Commissioner (Appeal), State Tax, Raipur, in First Appeal No. 1020/GST/2024, in the case of M/s Jana Small Finance Bank Limited, Raipur (C.G.), whereby the appeal was dismissed and the assessment order was confirmed.

2. **The brief facts of the case** are that the proper officer, under Section 61 of the GST Act and Rule 142(1A), GST Rules, 2017 scrutinized the appellant's returns and finding discrepancies, issued a notice in Form GST ASMT-10 dated 30.03.2022 and reminders dated 12.06.2022, 24.06.2022, and 20.09.2022. However, no reply was submitted by the appellant within the prescribed period. Thereafter, he issued intimation in Form DRC-01A. On 27.09.2023 the assessing officer issued show cause notice in Form DRC-01 also. The assessing officer assessed the turnover Rs. 3,51,68,888/- and levied 18% tax and under Section 50(1) of the GST Act, levied interest and penalty and issued Demand Order in Form DRC-07 as under:

Act	Tax	Interest	Penalty	Other
IGST	0	0	0	0
CGST	31,65,020	31,31,029	3,16,502	0
SGST	31,65,020	31,31,029	3,16,502	0
CESS	0	0	0	0

Aggrieved by the aforesaid order, the appellant preferred a first appeal, which was dismissed as stated above.

3. **The main grounds of appeal** are that the assessing officer did not consider the reply of SCN and not given personal hearing also therefore the principals of natural justice has been violated. The appellant filed detail return submission on 03.11.2023 (screen shot attached for evidence of submission of reply). U/s 74-(4) GST Act, personal hearing must be given to the appellant but assessing officer did not give personal hearing and violated the principle of ***"Audi alteram partem***". According to appellant detailed show cause notice has not been issued which is necessary. Alleged demand is against the article 265 of the Indian Constitution because interest of loan is exempted in light of notification -12/2017 serial no-27. The appellate authority has confirmed the demand beyond SCN and violated the section-75(7) GST Act. There was no tax liability on the appellant so interest and penalty were also not levied. Appellant has also stated many citations in support of each of grounds. If we find necessary,

we will discuss above citations in proper place in this order. According to appellant the appeal deserves to be allowed.

4. **The Respondent, in his reply,** has denied the statements of fact and contentions raised by the Appellant. He has specifically denied the contention that the impugned demand is in violation of Article 265 of the Constitution of India. According to the Respondent, the tax has been levied strictly in accordance with the provisions of the valid taxing statute, namely, the CGST Act, 2017. The demand has been raised on account of unreconciled taxable turnover disclosed by the Appellant in Table 7G of Form GSTR-9C. The Appellant failed to furnish any documentary evidence in support of his contention or against the basis of the demand. The Respondent has further denied the contention that the demand travels beyond the scope of the show cause notice and has submitted that the demand has been raised strictly in accordance with the allegations and grounds contained in the show cause notice. The Respondent has categorically denied that the Appellant was denied an opportunity of personal hearing. He has specifically referred to the dates on which opportunities were granted and reminders were issued to the Appellant. The contention that the impugned order is a non-speaking or unreasoned order has also been denied. The Respondent has further submitted that the Appellant failed to furnish any State-specific documentary evidence establishing that the alleged interest reversals were attributable to the State of Chhattisgarh. The Chartered Accountant's certificate dated 07.03.2024 was, therefore, rightly held to be inadequate by the adjudicating authority. It has also been contended by the Respondent that the judicial decisions relied upon by the Appellant are distinguishable on facts and are, therefore, not applicable to the present case. According to the Respondent, the certificates relied upon in those cases were duly supported by contemporaneous documentary records, whereas, in the present case, no such supporting evidence has been produced by the Appellant. The Respondent has further submitted that the reconciliation of an amount of Rs. 3,51,62,835/-, claimed by the Appellant as exempted interest income under Entry No. 27 of Notification No. 12/2017 dated 28.06.2017, is not supported by any documentary evidence. The case of the Appellant is that the said amount represents adjustments on account of “Clawback Interest Reversal – NPA”, “EIS Interest Reversal on Securitisation Transactions”, “Interest Reversal for Value-Dated Transactions” and “Provision for Interest Accrued on NACH Cheque Bounce Cases”.

According to respondent: -

(i) Such reversals of interest income in the books of account are, by their very nature, books adjustment and do not, ipso facto, represent “consideration for extending deposits, loans or advances” so as to fall within the scope of Entry 27 of notification no-12/2017-CT(Rate):

(ii) The exemption under entry 27 is available only in respect of interest earned by way of extending deposits, loans or advances, and not in respect of reversal entries which are books-keeping in nature:

(iii) The appellant has failed to correlate the alleged reversals with specific, borrower accounts, or state-wise supply for the Chhattisgarh registrations, and has admittedly disclosed the adjustments “at the entity level” only:

(iv) The chartered accountant’s certificate produced by the appellant merely certifies the existence of such adjustment in the entity-level financial statements, and does not certify the state-wise apportionment relatable to Chhattisgarh.

Respondent denied that no interest and penalty have been imposed against the appellant. Where there is a tax demand section-50 GST Act, is applied in appellants case appeal is not acceptable.

Respondent pleaded various citations in support of his reply if we consider it necessary, we will discuss these citations in proper place of this order.

5. **The argument of the learned C.A.** appearing on behalf of the appellant is that the Proper Officer did not issue Show Cause Notice in detail, therefore, SCN is invalid. Reply was totally ignored by the Tax Officer. Personal hearing has not been provided which is mandatory. Certificates of Charted Account were not considered. Order in Original is same as DRC01, which shows non application of mind. Tax imposed on income of interest is in violation of acritical 265 of Constitution of India. **According to him he presses only interest amount Rs.3,51, 62,835 at this stage.**

6. **The argument of the learned authorized representative** appearing on behalf of the respondent is that ASMT01, DRC01A and DRC01 were properly issued. Tax Authority provided personal hearing on 6.10.23 in DRC01 dated 27.09.23 to appellant. Sufficient opportunity was also given to him but he did not produce required documents related to income from interest of other State.

7. **Questions of Law and Facts Involved in the Appeal**

1. **Whether the interest income, as claimed by the appellant, is exempt from payment of tax under Notification No. 12 dated 28.06.2017?**
2. **Whether the transactions in question pertain to income from interest so as to qualify for exemption under the aforesaid Notification?**

REASONS OF CONCLUSION

On question of law no-1

8. The **extract** of the notification no-12 dt. 28.06.2017 as under: -

(TO BE PUBLISHED IN THE GAZZTE OF INDIA EXTRAORDENARY, PART II, SECTION 3 SUB- SECTION (i))

Government of India

Ministry Of Finance

(Department of Revenue)

Notification No. 12/2017 -Central Tax (Rate)

New Delhi, the 28th June 2017

G.S.R……. (E). – In exercise of the powers conferred by sub section(1) of section 11 of the Central Goods and Service Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the council, hereby exempt the intra-state supply of service of description as specified in column (3) of the Table below from so much of the central tax leviable thereon under sub-section(1) of section-9 of the said Act, as is in excess of the said tax calculated at the rate as specified in the corresponding entry in column (4) of the said Table, unless specified otherwise, subject to the relevant conditions as specified in the corresponding entry in column (5) of the said Table, namely:-

27	Heading 9971	Service by way of- (a) Extending deposits, loans or advances in so for as the consideration is represented by way of interest or discount (other than interest involved in credit card services): *(b) Inter se* sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.		

4. This notification shall come into force on the 1st day of July. 2017.

[F.No.334/1/2017-TRU]
(Ruchi Bisht)

Under Secretary of the Government of India

9. According to the entry no-27 of above notification no-12 where the consideration is represented by way of interest or discount other than interest involved in credit card, services are exempted. Therefore, it is clear that amount of recovery of any interest is exempted so we decided the **first question of law in favour of appellant.**

On question of Fact no-2

10. For claiming the benefit of the aforesaid Notification No. 12, the appellant is required to establish that the amount / turnover in question pertains to income by way of exempted interest received related to another State, that was erroneously disclosed in GSTR-1/3B as turnover of Chhattisgarh State, and that such transactions relate to the relevant financial year, i.e., 01.07.2017 to 31.03.2018.

11. The Assistant Commissioner, State Tax, issued a notice in Form DRC-01 dated 27.09.2023 in respect of the alleged discrepancy reflected in Table 7G of Form GSTR-09C. In response thereto, the appellant submitted his reply in Form DRC-06 dated 03.11.2023. However, despite submitting a detailed reply, the appellant failed to furnish any documentary evidence in support of his claim regarding the alleged income from interest, related to another State which, according to him, had erroneously been disclosed in GSTR-1/3B as turnover of Chhattisgarh State. The appellant contended in his reply that he had duly filed the statutory Form GSTR-09C. However, merely because GSTR-09C is a statutory form does not dispense with the requirement of producing supporting documentary evidence when such evidence is specifically called for by the Department. The burden lies upon the appellant to substantiate his claim by producing cogent and relevant documentary evidence in order to avail the benefit of the exemption.

12. The appellant submitted a certificate issued by a Chartered Accountant dated 07.03.2024. In the said certificate, the Chartered Accountant stated that various documents had been examined. However, the certificate does not disclose the findings or conclusions arrived at upon examination of those documents, nor does it specify the documentary basis on which the appellant's claim was verified. Therefore, the said certificate does not assist the appellant

in establishing that the amount in question relates to interest income or to the other transactions claimed by him.

13. The Appellate Authority, in paragraph 6(4) of the order-in-appeal dated 21.03.2025, observed that the appellant had failed to furnish documentary evidence in support of his claim regarding income from interest. Although the appellant produced a consolidated audit report, he failed to furnish any specific documentary evidence substantiating the amounts claimed under the heads “claw-back interest,” “EIS interest,” “interest reversal,” and “NACL cheque bounce cases.” Consequently, the consolidated audit report, in the absence of supporting documentary evidence relating to the aforesaid items, was insufficient to establish the appellant’s claim.

14. The learned CA appearing on behalf of appellant makes a submission that the audit is conducted on PAN India level, therefore, it is not possible to separate and produce the evidence regarding the claim that income from interest of another State had erroneously been disclosed in GSTR-1/3B as turnover of Chhattisgarh State.

15. Appellant could either produce it before Assessing Officer or before 1st Appellate Authority but he neither produced before them nor before this Tribunal, therefore an adverse inference can be drawn against him that: -

> ‘’The evidence which could be produced but that is not produced, if produced, be unfavourable to the person who withholds it’’. [**section 114 g of Indian Evidence Act, 1873 now section 119 g of Bhartiya Sakshya Adhiniyam, 2023.**

16. The learned representative of appellant submitted following citations regarding violation of principals of natural justice (non-Giving of opportunity of hearing, non-consideration of reply, lack of reasoning in order), non-giving of personal hearing as per section 75 (4) of GST act, non- issuing details in show cause notice -

M/S Bhavani Oxides vs. The State of Telangana (2025) 4 868 TLE
Mahindra and Mahindra Ltd. Vs. Union of India (2024) 24 Centax 33
Motilal and Sons vs. Assistant Commissioner (2024) 24 272 Delhi
Orerx Fishering P. ltd. Vs. Union of India (2011) 266 ELT 322 SC
Shri Guru Kripa Tradelink P Ltd. vs. State of Gujarat 2026(3) TMI 1581

17. The learned representative of appellant submitted following cations regarding interest, penalty and others; -

Nspira Management Services vs. Asstt./Dupty Commissionor (2025) 35 Centax 239 AP
Rishi Builders vs. State of Bihar (2020) 37 GSTL303 Patna
Commissioner vs. Bianca (2013) 294 ELT 156
Pratibha vs. Union of India 1996 (88) ELT 12
Bombay Dying vs. Commissioner 2008 (223) ELT 514

18. We have pursued above all citations. The main question for consideration in this appeal is that the proof regarding income from interest of another State, erroneously disclosed in GSTR- 1/3B for Chhattisgarh State. There is no documentary proof on record which helps appellant to prove above facts therefore above citations are not given any assistance to appellant, therefore, we did not consider above citations in detailed.

19. Though the respondent denied to noncompliance of procedural safeguard, even assuming that the procedural noncompliance referred to by the appellant had been duly complied with and adequate opportunity had been afforded to him, the ultimate outcome of the

proceedings would not have been different. We have already discussed above point in details as above.

20. In our considered opinion this appeal is not acceptable hence the appeal is **rejected.**

(Pradeep Kumar Vyas)

(Chandra Bhushan Singh)

Dated: 22.09.2026