GOODS AND SERVICES TAX APPELLATE TRIBUNAL

CHENNAI BENCH, CHENNAI

COURT NO. 1

Appeal No. APL/14/CHE/2026

DEPUTY COMMISSIONER (ST), CENTRAL-II and **Others** ... Appellant
Office of Commissioner of Commercial Taxes,
Govt of Tamil Nadu

Versus

LIFELINE PHARMACY, ... Respondent
A UNIT OF LIFELINE MULTI SPECIALITY HOSPITALS

PRIVATE LIMITED, DIRECTOR, 148, 3RD CROSS STREET, KUMARANKUDI, THURAIPAKKAM, CHENNAI-600096

Authorised Representative for Appellant:	**Authorised Representative for Respondent**
Mr. A. Swaminathan, Joint Commissioner, Authorised Representative of State Government	Ms. Renuka Murali, CA, Authorised Representative

Hon'ble Praveen Kumar Jain, Member (Judicial)
Hon'ble Shaik Khader Rahman, Member (Technical)

ORDER ON QUESTION OF LAW

Date of Order: 29.09.2026

1. The Appeal No. APL/14/CHE/2026 has been taken up by this Bench for determination of whether a question of law is involved or not, within the meaning of Section 109(8) of the CGST Act, 2017, having regard to the disputed amount being less than Rs. 50 lakhs and the directions contained in Principal Bench Office Order No. 3/GSTAT/PB/2026 dated 14.05.2026.

2. The appeal arises from the dispute concerning reversal of input tax credit under Rule 42/43 of the TNGST Rules, 2017 read with Section 17(2) of the TNGST Act, 2017. The Department has challenged the relief granted by the first Appellate Authority in respect of the said reversal.

3. The Learned Authorised Representative for the Appellant, in the written submissions filed on dated 24.08.2026 (Document Sr. No. 11 on the portal), has submitted that the issue involved is purely factual and relates to verification of the returns and the reversal made by the Respondent. It is accordingly contended that no question of law is involved in the appeal.

4. The Respondent, in its ‘cross-objections' dated 12.09.2026 (Document Sr. No. 14 on the portal), has contended that the adjudicating authority treated the entire input tax credit figure in Table 8B of Form GSTR-9 as common credit without first determining the relevant components, namely T1, T2, T3 and T4, under Rule 42(1); failed to account for ineligible credit separately reported in Table 8F; and did not apply the invoice-level attribution contemplated by the proviso to Rule 42(1). The Respondent further relies upon its maintenance of separate accounts for taxable pharmacy supplies and exempt healthcare services, and raises issues concerning the applicability of Section 17(2), the computation and attribution mechanism under Rule 42, and the adequacy of reasons in the assessment order.

5. The Respondent has also referred to the first Appellate Authority’s findings that separate accounts were maintained and that the adjudicating authority had not identified the different kinds of turnover and inputs required for application of Rule 42 of CGST Act, 2017.

6. Heard both the parties on the question of law.

ANALYSIS & FINDINGS

7. The question at this stage is not whether the Department's grounds are ultimately sustainable, nor whether the Respondent's factual assertions are established. The issue is whether the appeal can be disposed of solely by appreciation or verification of facts, or whether its adjudication necessarily calls for interpretation or application of statutory provisions with reference to legal principles and statute.

8. Determining whether the credit in question is to be treated as common credit, what components must be identified before applying the formula under Rule 42, and what legal consequence follows where inputs or input services are said to have been separately identified and attributed, requires consideration of the scope and application of the statutory scheme. Those are not matters that can be resolved merely by checking the numerical entries in returns without first deciding the governing legal requirements.

9. The fact that the application of a statutory formula may involve examination of accounts, returns or other evidence does not, by itself, make the controversy purely factual. Where the parties dispute the meaning, requirements or legal operation of the statutory provisions that govern the computation and reversal, the controversy includes a question of law. The Respondent's submissions disclose such issues in the present appeal.

10. The CGST Act, 2017 does not define the expression "question of law" for the purpose of Section 109(8). For the present limited determination, a question

requiring interpretation or application of statutory provisions, as distinct from a dispute confined to appreciation of evidence, is sufficient to constitute a question of law. The statutory issues identified above have a direct bearing on the determination of the disputed reversal and are founded in the controversy raised in the appeal and the submissions placed before the Bench.

11. In the order in Rockman Industries Limited, Appeal No. APL/2/CHE/2026, dated 07.09.2026, this Bench considered the approach stated in M/s. Atria Convergence Technologies Ltd. v. Deputy Commissioner of Commercial Tax, 2025 (2) TMI 883, including that an issue is ordinarily a question of law where its answer is to be found by reference to legal principles and statute, and where interpretation of statutory provisions bears upon the outcome of the proceeding.

12. In their cross objection, the point raised by the Respondent in their objection with regard to Rule 42 of the CGST Act, 2017 and Section 17(2) of the Tamil Nadu Goods and Services Tax (TNGST) Act, 2017 is required to be determined by one Judicial Member and one Technical Member on the basis of the question of law involved in the matter. The principal issue before the GSTAT, Chennai Bench is whether the First Appellate Authority has passed the impugned order in accordance with the provisions of law and whether the findings recorded therein are legally sustainable or not. In view of the above, we are of the view that the present appeal involves a Question of Law, particularly with regard to the interpretation and application of the aforesaid statutory provisions. The determination of such question of law requires consideration by comprising one Judicial Member and one Technical

Member (Division Bench), in accordance with the applicable provisions governing the constitution of Benches of the GSTAT.

13. In view of the foregoing, the submission of the Appellant that the appeal involves only a question of fact is not sustainable and the submission of the Respondent that the appeal involves Question of Law is sustainable. Hence, this Bench is of the considered opinion that Appeal No. APL/14/CHE/2026 involves a question of law within the meaning of Section 109(8) of the CGST Act, 2017.

14. Accordingly, the appeal shall be heard together by one Judicial Member and one Technical Member (Division Bench).

15. List the appeal before this Division Bench for further proceedings on 02-11-2026 for hearing on merits of the case.

(Order pronounced in open Court on 29-09-2026)

Shaik Khader Rahman
Member (Technical)

Praveen Kumar Jain
Member (Judicial)

DATED: 29.09.2026