IN THE GOODS AND SERVICES TAX APPELLATE TRIBUNAL
KOLKATA BENCH
COURT NO. 1
Appeal No. APL/90/KLK/2026

SPANDAN ELECTRICAL ……. **Appellant**

Versus

DEBABRATA PAUL, DEPUTY COMMISSIONER, SRIRAMPUR & ORS. …… **Respondent**

In appearance:
For the appellant : Mr. Sanbarta Koley, CA
For the respondent : Ms. Jhumpa Paul,
Additional Commissioner, SGST

CORAM :

Shri Satya Gopal Chattopadhyay : Hon'ble Judicial Member
Shri Anindya Mitra : Hon'ble Technical Member

FINAL ORDER

Date of Hearing : 08.10.2026
Date of Order : 09.10.2026

Per S.G. Chattopadhyay (JM):

[1]. This is an appeal filed under Section 112(1) of the CGST Act, 2017 by the taxpayer who is engaged in trading of electrical goods under GSTIN – 19BWKPM3647N1ZQ. The taxpayer runs his business from East Para, Khanpur Road, Amarpur Play Ground, Sugandha in Hooghly district of West Bengal in the name and style of **M/s SPANDAN ELECTRICAL**.

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[2]. The brief facts of the case are that an investigating team of Revenue visited the business premises of the taxpayer on 03.03.20222. From a scrutiny of the documents maintained by the taxpayer in his office, it transpired to the inspecting team of the Revenue that the taxpayer concealed the record of his outward supplies to evade tax. He failed to explain the anomalies appearing from the documents in his possession regarding outward supplies and payment of GST. The incriminating documents were seized from his possession and he was asked to meet the inspecting team in their office along with his Books of Accounts, Bank statements and invoices etc. for reconciliation. The taxpayer having failed to do so, a demand notice dated 04.08.2024 under Section 74(1) was served on him for suppressing the value of outward supply of goods worth Rs. 19,83,601.00 pertaining to FY 2017-18. He was asked to pay the tax along with applicable penalty and interest. Total amount of tax determined against the taxpayer under SGST and CGST was Rs. 3,57,048.18, the amount of interest determined under Section 50/WBGST Act, 2017 stood at Rs. 4,30,678.93/- and penalty imposed under Section 50/WBGST Act, 2017 was 8,76,998/-. The taxpayer was asked either to pay the tax along with the interest and penalty within 30 days or to show cause as to why he shall not pay the amount.

[3]. In reply, the taxpayer contended that a cryptic, non-speaking and arbitrary demand was served on him which had no foundational basis. The taxpayer claimed that the determination of

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tax liability was ambiguous and erroneous. He claimed that the value of outward supplies indicated by the revenue was actually received by him as advance from his customers for which no final tax invoice was raised because no delivery was made. Therefore, there was no question of paying GST against such advance. The taxpayer further claimed in his reply that the demand notice under Section 74 had no legal basis, since there was no evasion of tax by reason of fraud or wilful misstatement or suppression of facts as contemplated under Section 74(1) CGST Act.

[4]. The Adjudicating Authority by order dated 20.01.2025 confirmed the demand against which the taxpayer preferred appeal under Section 107(1) CGST Act before the First Appellate Authority. The First Appellate Authority decided the matter by the impugned order dated 14.10.2025. It was held by the First Appellate Authority that despite having reasonable opportunity, the taxpayer could not make out any defense against the demand by adducing documentary evidence and on this ground alone the appeal was dismissed by the First Appellate Authority.

[5]. We have heard Mr. Sanbarta Koley, Chartered Accountant, appearing for the appellant as well as Ms. Jhumpa Paul, Additional Commissioner, State GST representing the respondent.

[6]. Mr. Koley, CA, appearing for the appellant contends that none of his submissions was considered by the First Appellate Authority. According to Mr. Koley, the appellant agitated before

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the First Appellate Authority that during reconciliation of his bank statements, revenue identified certain entries which represented advance receipts from customers towards future supply of goods. These amounts were reflected in the appellant's books of accounts as advance received from the customers. Since, no corresponding supply of goods took place during the financial year 2017-18, no tax invoice was issued against the receipt of those advances. The First Appellate Authority did not record any reason as to why it disagreed with such contention of the appellant. Mr. Koley has further contended that there is no proof of fraud, wilful misstatement or suppression of facts on the part of the appellant for invocation of Section 74(1) CGST Act against him. But the First Appellate Authority upheld the demand under Section 74(1) CGST Act without making any inquiry as to whether there was any proof against the appellant to justify the application of Section 74 CGST Act. Mr. Koley has contended that the demand notice was served against him without any proof of taxable supply during FY 2017-18 which was impermissible under the law. He, therefore, urges the tribunal to dismiss the appeal.

[7]. Ms. Jhumpa Paul, Additional Commissioner, State GST on the other hand argue that the impugned order is well founded which does not call for any interference in appeal. Ms. Paul, therefore, urges this tribunal to dismiss the appeal.

[8]. We have considered the submissions canvased before us by the Authorized Representative of the parties. We have also gone

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through the documents which are made available before us on the portal including the impugned order passed by the First Appellate Authority. As noted by us, the AR appearing for the appellant has vehemently argued that the First Appellate Authority has not considered any of the submissions of the appellant and recorded no reason at all to justify its decision. The AR, therefore, contended that such cryptic order of the Frist Appellate Authority cannot be allowed to stand.

[9]. The CGST Act, 2017 under Section 107 in Chapter XVIII provides the powers of the First Appellate Authority including the manner in which an appeal has to be decided by the First Appellate Authority. Under sub-section (12) of Section 107 CGST Act, 2017, the First Appellate Authority is mandated to state the points for determination and the decision thereon followed by the reasons for such decision. It would be appropriate to quote sub-section (12) of Section 107 which reads as under:

> *"(12) The order of the Appellate Authority disposing of the appeal shall be in writing and shall state the points for determination, the decision thereon and the reasons for such decision."*

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[10]. From a bare perusal of the impugned order passed by the First Appellate Authority, it would be explicitly clear that the First Appellate Authority in the impugned order has not stated the points for determination and no reason at all has been recorded by it as to how it arrived at the decision. We are of the considered view that the Appellate Authority should have passed a reasoned and speaking order after evaluation of the facts independently. Moreover, the grounds raised by the appellant in his defense should also have been addressed in the impugned order for rejecting the appeal. There are plethora of judicial pronouncements in which it has been consistently held that rejection of appeal by cryptic and non-speaking order without recording justifiable reasons violate the principals of natural justice.

[11]. Evidently, the First Appellate Authority has failed to follow the mandate provided under sub-section (12) of Section 107 CGST Act, 2017. As noted by us, the Appellate Authority has not recorded any reason at all touching the merits of the case and as a result the appellant could not know as to why his appeal was dismissed. Therefore, we are unable to uphold the impugned order. Consequently, the impugned order passed by the First Appellate Authority is set aside. The matter is remanded back to the First Appellate Authority to hear the appeal afresh and pass a reasoned order after providing adequate opportunity to the taxpayer to adduce evidence in support of his case. The Appellate Authority

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shall complete the whole exercise within a period of six months from the date of communication of this order. The matter is thus decided and the appeal is disposed of. Communicate this order to the appellant as well as the respondent by delivering certified copy of the same immediately.

S.G.Chattopadhyay
Judical Member

Anindya Mitra
Technical Member

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