GSTAT

State Bench Chandigarh

Division Bench Court No. Court I

APL/182/CHD/2026

THE DANGARH MP CASS LIMITED **.....Appellant**

Versus

THE STATE TAX OFFICER-CUM-PROPER OFFICER, STATE TAX OFFICER-CUM-PROPER OFFICER, WARD NO. 2 BARNALA PUNJAB & ORS. **.....Respondent**

Quorum

Hon'ble Jatinder Pal Singh, Member(Judicial)
Hon'ble Pradeep Kumar Goel, Member (Technical)

Counsel for Appellant

SH. LOVE KUMAR, CA

Counsel for Respondent

SH. YADWINDER SINGH, AR
SH. AMIT KUMAR, STO
SH. SUNIL GOYAL, STO

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 : Yes

Order reference no. : ZA030281026000398H **Date of order :** 30/10/2026

1.	GSTIN/Temporary ID/UIN - 03AAGAT2798B1ZK	
2.	Appeal Case Reference no. - APL/182/CHD/2026	Date - 19/06/2026
3.	Name of the appellant - THE DANGARH MP CASS LIMITED , harishgarg38@gmail.com , 9417042548	
4.	Name of the respondant - 1. Anurag Bharti Assistant Commissioner of StateTaxes (Jalandhar-1) , aetcjal1@punjab.gov.in , 9872910024 2. THE STATE TAX OFFICER-CUM-PROPER OFFICER 3. Deputy Commissioner of State Tax Patiala Division	
5.	Order appealed against - AD0306250037683	

	(5.1) Order Type - Other order	
	(5.2) Ref Number - ZD031225015966H	Date - 10/12/2025
6.	Personal Hearing - 30/10/2026 15/10/2026 22/09/2026 10/09/2026 27/08/2026 26/08/2026	
7.	Order in brief - Therefore, we are of the view that it is necessary to refer the case back to the Appellate Authority to pass fresh orders in respect of both the appeals filed before him by the Appellant, i.e. the appeal filed against the Order-in-Original dated 30.08.2024, and the appeal filed against the order dated 05.06.2025 rejecting the Appellant's rectification application. The Appellate Authority will pass fresh orders dealing with the primary grounds raised by the Appellant to challenge the demand raised vide the Order-in-Original dated 30.08.2024, as well as the grounds raised to challenge rejection of their rectification application by the Adjudicating Authority. Needless to add, the Appellate Authority will also afford reasonable opportunity to the Appellant to represent their case before him, including the opportunity of personal hearing. The appeal is disposed of accordingly, by quashing the Impugned Order passed by the Appellate Authority and referring the matter back to the Appellate Authority, to pass fresh orders following our observations and directions hereinabove.	
Summary of Order		
8.	If demand order then whether demand quantified: No	

9.	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
Any other	Mechanically upheld the entire ITC reversal demand without appreciating that zero input tax was paid on the exempt supplies.	
Any other	The First Appellate Authority mechanically upheld the rectification rejection solely on the technicality of multiplicity of litigation without deciding the merits and confirmed the entire demand.	
10.	If remanded with directions:	
	a) Remanded to: Appellate Authority	

	b) Directions subject to which remanded, if any: Therefore, we are of the view that it is necessary to refer the case back to the Appellate Authority to pass fresh orders in respect of both the appeals filed before him by the Appellant, i.e. the appeal filed against the Order-in-Original dated 30.08.2024, and the appeal filed against the order dated 05.06.2025 rejecting the Appellant's rectification application. The Appellate Authority will pass fresh orders dealing with the primary grounds raised by the Appellant to challenge the demand raised vide the Order-in-Original dated 30.08.2024, as well as the grounds raised to challenge rejection of their rectification application by the Adjudicating Authority. Needless to add, the Appellate Authority will also afford reasonable opportunity to the Appellant to represent their case before him, including the opportunity of personal hearing. The appeal is disposed of accordingly, by quashing the Impugned Order passed by the Appellate Authority and referring the matter back to the Appellate Authority, to pass fresh orders following our observations and directions hereinabove.

Place :CHANDIGARH

Signature

Date : 30.10.2026

CHANDIGARH Jatinder Pal Singh

Designation : Member

Jurisdiction :Chandigarh

ORDER

The present appeal has been filed by The Dangarh MPCASS Limited, Village Dangarh, Barnala, Punjab - 148106 (hereinafter referred to as "the Appellant") against Order-in-Appeal No. ZD031225015966H dated 10.12.2025 ("the Impugned Order") passed by the Deputy Commissioner of State Tax (Appeals), Patiala Division ("the Appellate Authority") in GST Appeal No. 145/2025-26. The SGST Department, Punjab is the Respondent herein.

2. The brief facts of the case are as under:

a. The Appellant is a Muli Purpose Co-Op. Agricultural Service Society, which is registered with the SGST Department vide GSTIN The Appellant is engaged in pure trading activities, procuring goods and services for the benefit of its members and supplying them with a nominal markup.

b. An intimation in Form GST DRC-01A (Ref: ZD030524000727R) was issued by the SGST authorities to the Appellant on 02.05.2024 under Section 73(5) of the CGST Act, 2017 / Punjab GST Act, 2017 ("the Act"), alleging underdeclared tax for FY 2019-20 on two counts: (i) non-reversal of ITC on exempt supplies; and (ii) difference of turnover of outward supplies declared in GSTR-1 and GSTR-9.

c. The Appellant claims that a timely and detailed reply was filed on 22.05.2024 via Form GST DRC-01A Part-B (Ref. No. ZD030524048538C), vide which it was clarified that their exempted turnover pertained to pure trading of cattle feed. It was further stated that the exempted supplies amounted to Rs. 22,76,367 (as per GSTR-9 - Table 5D) and involved purchases at 0% GST rate, with no ITC availed. The Appellant also stated that the supplies recorded in GSTR-09 were for corrective purposes as per the books, and that output tax of Rs. 1,71,393 (CGST) and Rs. 1,71,393 (SGST) had already been paid.

d. The Appellant claims that their submissions filed on record were ignored. A Show Cause Notice (DRC-01) was issued to the Appellant on 28.05.2024 (Ref: ZD0305240695801). Subsequently, the State Tax Officer, Ward 2, Barnala ("the Adjudicating Authority") passed an Order-in-Original in Form DRC-07 (Ref: ZD0308240565592) on 30.08.2024. The order created a demand of Rs. 1,96,466 (Tax: Rs. 93,606; Interest: Rs. 82,860; & Penalty: Rs. 20,000) against the Appellant.

e. The Appellant filed a Rectification Application on 22.11.2024. The State Tax Officer rejected this rectification application vide order dated 05.06.2025 (Order Ref. No. ZD0306250032521), holding that since no reply was filed to the DRC-01 issued under Section 73, the case was not eligible for rectification.

f. The Appellant challenged the rectification rejection order dated 05.06.2025 before the Appellate Authority, vide Appeal Ref. No. AD0306250037683. The Deputy Commissioner of State Tax (Appeals) dismissed the said appeal (GST Appeal No. 145/2025-26) vide Order No. ZD031225015966H dated 10.12.2025. The said appeal was dismissed not on the merits of the ITC or outward tax calculation, but solely on the grounds of "multiplicity of litigation," as the Appellant had also separately challenged the original DRC-07 order (Appeal No. 232/2024-25).

3. The Appellant has filed the present appeal, against the aforesaid Order dated 10.12.2025 passed by the Appellate Authority. The Appellant has challenged the Impugned Order dated 10.12.2025 on the following primary grounds:

i. Gross violation of natural justice: The Proper Officer completely ignored the detailed reply filed in Form GST DRC-01A Part-B on 22.05.2024 (Ref: ZD030524048538C) and mechanically passed the DRC-07 order (Ref: ZD0308240565592) raising a total demand of Rs. 1,96,466 without granting a personal hearing or dealing with the submissions, in violation of Section 73(9) and Section 75(4) of the Act and Rule 142 of the GST Rules, 2017.

ii. The Order-in-Original suffers from non-application of mind, violating Section 75(6): The Order-in-Original falsely records that the Appellant neither deposited the due tax nor replied to the notice, despite the detailed reply explicitly being on record.

iii. Fundamental misinterpretation of Rule 42: No ITC reversal is warranted in this case. The exempted turnover of Rs. 22,76,367 pertains exclusively to the trading of cattle feed procured at 0% GST rate. Because no input tax was paid or availed on these purchases, no common ITC existed for reversal under Rule 42.

iv. Statutory purpose of GSTR-9 ignored: The minor difference between GSTR-01 and GSTR-09 is merely a reconciliation issue. Under Section 44, GSTR-09 serves as the final corrective statutory declaration, and penalizing it ignores legislative intent.

v. Failure of the Appellate Authority: The Appellate Authority dismissed the appeal (Ref: ZD031225015966H) solely on the technicality of multiplicity of litigation without deciding the merits or correcting patent errors, violating the mandate under Section 107(11) and

Section 161.

vi. The Appellant’s case is supported by binding jurisprudence: The Appellant's stance is firmly supported by the judgment of Hon'ble Gauhati HC in *Md. Shoriful Islam [WP(C)/471/2026]* and the judgment of the Hon'ble Calcutta HC in *Jyoti Tar Products (2025(94) GSTL 343)*.

vii. Penalty and interest are not leviable: No penalty under Section 73(9) is leviable as there is no fraud, wilful misstatement, or suppression of facts. The entire dispute is a bona fide interpretation and reconciliation difference. As per settled jurisprudence by the Hon'ble Supreme Court, penalty and interest require mens rea or deliberate default, which is completely absent here. Further, interest can only be demanded after the tax liability is legally and finally determined after granting due consideration to the Appellant’s reply, which was illegally ignored in this instance.

4. We have heard Sh. Love Kumar, CA, who has made submissions for the Appellant. He has argued that there was no case for reversal of ITC in the present case, as no ITC was taken on purchase of goods supplied at nil rate. He has further stated that the principles of natural justice have not been followed by the Adjudicating Authority, who proceeded to decide the case without taking on record the reply filed by them. He has prayed that the Order-in-Original dated 30.08.2024 passed by the Adjudicating Authority merits to be set aside. Sh. Sunil Goyal, STO has appeared for the Respondent SGST Department, along with Sh. Yadwinder Singh, Ld. AR and Sh. Amit Kumar, STO. Sh. Goyal has explained the facts of the case and made submissions on behalf of the Respondent Department.

5. At the outset, we would like to deal with an important question relating to disposal of the appeals by the Appellate Authority vide the Impugned Order. In the present case, the Appellant had filed an application on 22.11.2024 under Section 161 before the Adjudicating Authority, seeking rectification of the Order-in-Original dated 30.08.2024 passed by the Adjudicating Authority. The rectification application was rejected by the Adjudicating Authority on 05.06.2025, against which the Appellant filed an appeal (namely, Appeal No. 145/2025-26) before the Appellate Authority. The Appellant had also filed another appeal before the Appellate Authority (i.e. Appeal No. 233/2024-25) on the merits of the demand of tax, interest and penalty, by challenging the Order-in-Original dated 30.08.2024 passed by the Adjudicating Authority.

6. In para 4 of the Impugned Order, the Appellate Authority has taken note of both these appeals, and has stated that: *“both the appeals have been taken up simultaneously for their*

expeditious disposal". However, the Appellate Authority has proceeded to pass the Impugned Order stating merely that: *"The present appeal therefore cannot be entertained, as it is multiplicity of litigation on the same issue. In view of above facts, the appeal is dismissed"*. From the words "present appeal" and "appeal" used by the Appellate Authority, it is abundantly clear that only one appeal has in fact been dismissed by the Appellate Authority, vide the Impugned Order.

7. We are of the considered view that an appeal filed by an Appellant under Section 107 of the Act has to be disposed of by passing an order under sub-section 107(11) ibid. This can be done only by way of confirming, modifying or annulling the decision or order appealed against. In the Impugned Order, the Appellate Authority had taken cognizance of the fact that another appeal has been filed by the Appellant against the Order-in-Original dated 30.08.2024. Having decided to take up both appeals together, he should have disposed of both the appeals by passing a suitable order under sub-section 107(11) of the Act for both appeals.

8. However, the Impugned Order passed by the Appellate Authority is utterly devoid and bereft of any finding regarding the other appeal (namely, Appeal No. 233/2024-25) filed by the Appellant before him, against the Order-in-Original dated 30.08.2024 passed by the Adjudicating Authority. Therefore, in the Impugned Order which has been challenged in the present appeal, the Appellate Authority has not given any finding or passed any order on the merits of the demand of tax, interest and penalty raised against the Appellant by the Adjudicating Authority vide the Order-in-Original dated 30.08.2024.

9. In fact, in the Impugned Order, the Appellate Authority has not recorded or stated in what manner he has disposed of Appeal Number 233/2024-25 filed by the Appellant before him against the Order-in-Original dated 30.08.2024 passed by the Adjudicating Authority. Hence, in the absence of any finding or order by the Appellate Authority in the Impugned Order on the merits of the demand of tax, interest and penalty raised against the Appellant by the Adjudicating Authority vide the Order-in-Original dated 30.08.2024, we cannot proceed to decide the merits of the demand, in the present appeal.

10. Furthermore, while dismissing Appeal No. 145/2025-26, the Appellate Authority has not passed any order regarding the primary grounds raised by the Appellant to challenge the rejection of their rectification application. We are of the view that the Appellate Authority erred in dismissing the said appeal merely on the ground of multiplicity of litigation. The Appellate Authority was duty bound to deal with the principal grounds made by the Appellant to challenge rejection of their rejection application.

11. Therefore, we are of the view that it is necessary to refer the case back to the Appellate Authority to pass fresh orders in respect of both the appeals filed before him by the Appellant, i.e. the appeal filed against the Order-in-Original dated 30.08.2024, and the appeal filed against the order dated 05.06.2025 rejecting the Appellant's rectification application. The Appellate Authority will pass fresh orders dealing with the primary grounds raised by the Appellant to challenge the demand raised vide the Order-in-Original dated 30.08.2024, as well as the grounds raised to challenge rejection of their rectification application by the Adjudicating Authority. Needless to add, the Appellate Authority will also afford reasonable opportunity to the Appellant to represent their case before him, including the opportunity of personal hearing.

12. The appeal is disposed of accordingly, by quashing the Impugned Order passed by the Appellate Authority and referring the matter back to the Appellate Authority, to pass fresh orders following our observations and directions hereinabove.

(Jatinder Pal Singh)

(Pradeep Kumar Goel)

Dated: 30.10.2026