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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 17-04-2026

CORAM

THE HON'BLE MR JUSTICE C. SARAVANAN

WP No. 14766 of 2026

and WMP.No.16049 of 2026

M/s.City Ply and Lam
represented by its Proprietor Rakesh V.Agarwal,
A-2, Ground Floor, Old No.72-73, New No.44,
Sriji Apartment, Maddox Street,
Choolai, Chennai-600 112.

..Petitioner(s)

Vs

The State Tax Officer
Choolai Assessment Circle,
No.1, 1st Floor, PAPJM Annex Building,
Greams Road, Chennai-600 006.

..Respondent(s)

Prayer : Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records of the respondent in his proceedings in GSTIN - 33AEBPR5428L3Z9/2021-2022, quash the order dated 27.12.2025 passed therein.

For Petitioner(s): Mr. P.V.Sudakar

For Respondent(s): Mrs.K.Vasanthamala,
Government Advocate

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ORDER

Mrs.K.Vasanthamala, the learned Government Advocate, takes notice on behalf of the Respondent.

2. This Writ Petition is being disposed of at the stage of admission itself with the consent of the learned counsel for the Petitioner and the learned Government Advocate for the Respondent.

3. The Petitioner is before this Court against the impugned Order dated 27.12.2025, whereby the proposal in Show Cause Notice dated 06.06.2025 has been confirmed, after considering the Petitioner's reply dated 16.06.2025.

4. It appears that the Petitioner was also heard after the Petitioner had filed a reply. The Petitioner was further required to appear on 05.12.2025, on which date, the Petitioner failed to appear and thus the impugned Order has been passed.

5. Bulk of the demand that has been confirmed in the impugned Order pertains to the allegation of the respondent that the Petitioner has availed ineligible Input Tax Credit on the following Items :

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"Claim of Ineligible ITC-Sec 17(5)

Under Section 17(5) of the SGST Act, 2017, Input Tax Credit shall not be available in respect of the list of commodities and services mentioned therein subject to certain conditions.

It is seen from GSTR-09 and other information that they have claimed ITC on these commodities and therefore the ITC claimed on these commodities or services is proposed to be recovered.

S.No.	Commodity/ Service	HSN/SAC Code	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7	8
1	Insurance and Pension Services	99713	3234	3234	0	0	6468
2	Outdoor Catering	99633	524	524	0	0	1048
3	Domestic/ Internation Scheduled Air Transport services of passengers	996425	460	460	0	0	920
4	Electrical Goods	8544,8539,8535,8536,8537,8504,701 1	940	940	0	0	1880
5	Plywood	4412	1836212	1836212	0	0	3672424

6. The specific case of the Petitioner is that the Petitioner is engaged in sale of Ply woods and that the Petitioner is indeed entitled to avail Input Tax Credit and therefore Section 17(5) cannot be pressed against the Petitioner to deny the Input Credit availed on Ply wood.

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7. It is further submitted that the Petitioner had given a detailed reply, wherein the Petitioner has categorically taken a stand that Input Tax Credit on Plywood cannot be denied as Petitioner is a dealer in Ply wood.

8. Even if the Petitioner was a dealer in Ply wood, it was incumbent on the Petitioner to have given a proper reply by giving the particulars of the inward supplies as reflected in GST R-2A/2B and with the corresponding outward supplies made by the Petitioner as reflected in GST R- 1, 3B & 9, and substantiate the case that the Plywood that was purchased by the Petitioner was not utilized internally for capital purpose or for personal use.

9. Such exercise has not been carried out by the Petitioner nor by the Respondent. However, the Petitioner appears to have made out a *prima facie* case on merits so far as the demand that has been confirmed against the Petitioner while denying Input Tax Credit on Ply wood under Section 17(5) of the respective GST Enactment.

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10. Considering the same, the impugned order is quashed and the case is remitted back to the Respondent to pass a fresh Order on merits. The Respondent shall pass appropriate orders on merits subject to the Petitioner filing the proper reply within a period of 30 days from the date of receipt of a copy of this Order with proper tabulation with invoices and the corresponding forms in GSTR-1, 2A, 3B & 9 for the succeeding period.

11. Needless to state that the Petitioner shall be heard before the final orders are passed.

12. This Writ Petition stands disposed of with the above observations. No costs. Connected Writ Miscellaneous Petition is closed.

17-04-2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

Vv

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To

The State Tax Officer
Choolai Assessment Circle,
No.1, 1st Floor, PAPJM Annex Building,
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C.SARAVANAN, J.

VV

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