IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

CWP No.6070 of 2024
Date of decision: 16.07.2026

M/s H.M. Steels Ltd. ...Petitioner.

Versus

Union of India & Ors. …Respondents.

Coram

Hon'ble Mr. Justice Vivek Singh Thakur, Judge.

Hon'ble Mr. Justice Ranjan Sharma, Judge.

Whether approved for reporting?[1]

For the petitioner	:	Mr. J.S. Bedi, Advocate (through VC) with Mr. Gaurav Thakur, Advocate, vice Ms. Shikha Rajta, Advocate.
For the respondents	:	Mr. Balram Sharma, DSGI with Mr. Rajeev Sharma, Advocate, for respondent No.1-UOI.
	:	Mr. Anup Rattan, Advocate General with Mr. Sushant Keprate, Additional Advocate General, for respondent No.2-State.
	:	Mr. Vijay Kumar Arora, Senior Advocate with Ms. Avantika Bhandari, Advocate, for respondent No.3 to 6.

Vivek Singh Thakur, Judge

Petitioner has approached this Court seeking following substantial relief(s):-

> "(i) For issuance of a writ in the nature of mandamus directing respondents not to proceed further in pursuance to show cause notice no. DIN 20830250ZB000061616B and Show cause notices i,c.,DRC-01 for 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 as the show cause notices was issued without issuing ASMT-10 beside this show

[1] *Whether the reporters of the local papers may be allowed to see the Judgment?* Yes

cause notice was issued without appreciating the factual and legal position as petitioner has already paid the tax to the sellers and in his possession all the documents required for claiming the ITC and the petitioner cannot be forced to do the impossible act that seller has discharged its tax liability or not

(ii) For issuance of a writ of Certiorari or a writ in the nature of Certiorari or any other appropriate writ or direction calling for the records pertaining to the Petitioners' case and after going into the validity and legality thereof to quash and set aside notices issued for denying the Input tax credit to the petitioner.”

2. The petitioner has approached this Court assailing DRC-01 Summary Show Cause Notices dated 28.09.2022 (Annexure P-2), 28.09.2022 (Annexure P-3), 24.02.2023 (Annexure P-5), 18.09.2023 (Annexure P-6), 21.05.2024 (Annexure P-7), 21.05.2024 (Annexure P-8) and 31.05.2024 (Annexure P-9) issued by the State and Show Cause Notice dated 23.02.2023 (Annexure P-4) issued by respondent No.4. It has been submitted that these notices have been issued without verifying the complete facts, and therefore, petitioner approached this Court.

3. It has been further submitted that the petitioner would be satisfied, if the concerned authorities are directed to consider the claim/objections afresh along with documents filed/to be filed by or on behalf of the petitioner before the competent authority in response to the aforesaid summary show cause notices/detailed notices specifically dealing that whether payments on purchases in question, along with GST, were actually paid or not to the supplier (RTP) and whether the transactions and purchases in question are genuine and supported by valid documents, and whether transactions and purchase in question

were made before or after the cancellation of the supplier's registration, as well as compliance with statutory obligations by the petitioner regarding verification of the identity of the supplier (RTP).

4. It has been further submitted that, if upon consideration of the relevant documents, it is found that all purchases and transactions are genuine and supported by valid documents and were made prior to the cancellation of the supplier's registration, the petitioner be granted the benefit of input tax credit in question.

5. Learned Advocate General as well as Mr. Vijay K. Arora, Senior Counsel submit that, in case the petitioner files a fresh response to the summary show cause notices/detailed notices before the competent authority along with relevant documents to substantiate the claim of petitioner, the competent authority shall decide the same within a reasonable time.

6. It has also been submitted that in present case Central Authority has issued Show Cause Notice dated 23.02.2023 (Annexure P-4), whereas other notices (Annexures P-2, P-3 and P-5 to P-9) have been issued by the State of Himachal Pradesh, and therefore, the issue involved in present case is no longer *res integra*, it has been settled by Apex Court in ***M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East & Anr.,*** reported in ***AIR 2025 SC 3854 & (2025) SCC Online 1700***, which lays down binding directions regarding the scope of 'initiation of proceedings', 'subject-matter', and the

'interrelationship between Central and State GST authorities'. Relevant paragraphs No.96 and 97, containing conclusions including guidelines, read as under:-

"**E. CONCLUSION**

96. We summarize our final conclusion as under: -

i. Clause (b) of sub-section (2) of Section 6 of the CGST Act and the equivalent State enactments bars the "initiation of any proceedings" on the "same subject matter".

ii. Any action arising from the audit of accounts or detailed scrutiny of returns must be initiated by the tax administration to which the taxpayer is assigned.

iii. Intelligence based enforcement action can be initiated by any one of the Central or the State tax administrations despite the taxpayer having been assigned to the other administration.

iv. Parallel proceedings should not be initiated by other tax administration when one of the tax administrations has already initiated intelligence-based enforcement action.

v. All actions that are initiated as a measure for probing an inquiry or gathering of evidence or information do not constitute "proceedings" within the meaning of Section 6(2)(b) of the CGST Act.

vi. The expression "initiation of any proceedings" occurring in Section 6(2)(b) refers to the formal commencement of adjudicatory proceedings by way of issuance of a show cause notice, and does not encompass the issuance of summons, or the conduct of any search, or seizure etc.

vii. The expression "subject matter" refers to any tax liability, deficiency, or obligation arising from any particular contravention which the Department seeks to assess or recover.

viii. Where any two proceedings initiated by the Department seek to assess or recover an identical or a partial overlap in the tax liability, deficiency or obligation arising from any particular contravention, the bar of Section 6(2)(b) would be immediately attracted.

ix. Where the proceedings concern distinct infractions, the same would not constitute a "same subject matter" even if the tax liability, deficiency, or obligation is same or similar, and the bar under Section 6(2)(b) would not be attracted.

x. The twofold test for determining whether a subject matter is "same" entails, first, determining if an authority has already proceeded on an identical liability of tax or alleged offence by the assessee on the same facts, and secondly, if the demand or relief sought is identical.

97. We issue the following guidelines to be followed in cases where, after the commencement of an inquiry or investigation by one authority, another inquiry or investigation on the same subject matter is initiated by a different authority.

a. Where a summons or a show cause notice is issued by either the Central or the State tax authority to an assessee, the assessee is, in the first instance, obliged to comply by appearing and furnishing the requisite response, as the case may be. We say, so because, mere issuance of a summons does not enable either the issuing authority or the recipient to ascertain that proceedings have been initiated.

b. Where an assessee becomes aware that the matter being inquired into or investigated is already the subject of an inquiry or investigation by another authority, the assessee shall forthwith inform, in writing, the authority that has initiated the subsequent inquiry or investigation.

c. Upon receipt of such intimation from the assessee, the respective tax authorities shall communicate with each other to verify the veracity of the assessee's claim. We say, so as this course of action would obviate needless duplication of proceedings and ensure optimal utilization of the Department's time, effort, and resources, bearing in mind that action initiated by one authority ensures to benefit of all.

d. If the claim of the taxable person regarding the overlap of inquiries is found untenable, and the investigations of the two authorities pertain to different "subject matters", an intimation to this effect, along with the reasons and a specification of the distinct subject matters, shall be immediately conveyed in writing to the taxable person.

e. The taxing authorities are well within their rights to conduct an inquiry or investigation until it is ascertained that both authorities are examining the identical liability to be discharged, the same contravention alleged, or the issuance of a show cause notice. Any show cause notice issued in respect of a liability already covered by an existing show cause notice shall be quashed.

f. However, if the Central or the State tax authority, as the case may be finds that the matter being inquired into or investigated by it is already the subject of inquiry or investigation by another authority, both authorities shall decide inter-se which of them shall continue with the inquiry or investigation. In such a scenario the other authority shall duly forward all material and information relating to its inquiry or investigation into the matter to the

> authority designated to carry the inquiry or investigation to its logical conclusion. We say, so because, the taxable person except for being afforded the statutory protection from duplication of proceedings, otherwise has no locus to claim which authority should proceed with the inquiry or investigation in a particular matter.
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> g. However, where the authorities are unable to reach a decision as to which of them shall continue with the inquiry or investigation then in such circumstances, the authority that first initiated the inquiry or investigation shall be empowered to carry it to its logical conclusion, and the courts in such a case would be competent to pass an order for transferring the inquiry or investigation to that authority.
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> h. If it is found that the authorities are not complying with these aforementioned guidelines, it shall be open to the taxable person to file a writ petition before the concerned High Court under Article 226 of the Constitution of India.
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> i. At the same time, taxable persons shall ensure complete cooperation with the authorities. It is incumbent upon them to appear in response to a summons and/or reply to a notice."

7. In view of the aforesaid discussion and in the light of the law laid down by the Hon'ble Supreme Court in *M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East & Anr.* (supra), the present writ petition stands disposed of with direction that the petitioner shall submit its reply to the show cause notices/detailed notices (Annexure P-2 to P-9) along with all supporting documents before both the Central and the State Tax Authorities concerned on or before ***18.08.2026***. Upon receipt of the replies, in case Notices/Summons/SCNs issued by both authorities are in the same subject matter, the concerned authorities shall, within a period of four weeks, decide *inter se*, in terms of paragraphs 96 and 97 of the aforesaid judgment in ***Armour Security's*** *case* (*supra*), as to which

authority shall continue with the proceedings. Thereafter, the authority so designated to proceed with the matter shall consider the reply and all supporting material furnished by the petitioner as well as submissions and observations recorded in paras 3 & 5 of this order, and pass a speaking and reasoned order, in accordance with law, within a period of six weeks from the date of the decision regarding the authority competent to proceed further.

8. Petition is disposed of in aforesaid terms along with pending applications, if any.

(Vivek Singh Thakur)
Judge

(Ranjan Sharma)
Judge

16th July, 2026
(Pardeep)