IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 21-07-2026

CORAM

THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

WP No. 26359 of 2026
and WMP.Nos.28817 & 28819 of 2026

Hourglass Design Private Limited
Represented by its Managing Director,
Mr Joseph Nikhil
No.7, 2nd Floor, Velayudham Street,
Nungambakkam, Chennai - 600034.

..Petitioner

Vs

1.The Assistant Commissioner (ST)
Valluvarkottam assessment circle,
Chennai – 600006.

2.The Branch Manager
Kotak Mahindra Bank, Chennai.

..Respondents

Prayer : Writ Petition is filed under Article 226 of the Constitution of India praying for issuance of Writ of Certiorarified Mandamus calling for the records leading to the issuance of assessment order reference no: ZD331225324443S/2021-2022 dated 20.12.2025 passed by the First Respondent herein and quash the same, and further direct the First Respondent to lift the Bank Attachment made against the Petitioner's bank account lying with the second Respondent.

For Petitioner: Ms. Sri Harini S P

For R1: Mr. R.Sethu Prabakaran, Govt. Counsel (Tax)

ORDER

Order dated 20.12.2025 is assailed in this writ petition insofar as it pertains to excess claim of Input Tax Credit (ITC) and short payment of tax on taxable supplies.

2. Referring to the show cause notice, learned counsel for the petitioner submits that the only issue raised therein was that the category wise ITC break-up in table 6 of the GSTR 9 returns of the petitioner when compared with the ITC availed of showed a difference of Rs.15,16,572/- each towards SGST and CGST and Rs.13,07,245/- towards IGST. This aspect was responded to by the petitioner in reply dated 13.09.2025. After considering the same, she points out that the tax proposal was confirmed on a totally different basis by holding that the ITC available in the GSTR 2A is Rs.8,73,291/- each in respect of CGST and SGST. Because the order travels beyond the scope of the show cause notice, learned counsel contends that interference is warranted.

3. As regards the issue relating to short payment of taxes, learned counsel submits that the entire tax liability was discharged albeit by inadvertently making the remittance towards IGST. She relies on the earlier order of this

Court in this regard in *SYA Homes v. Assistant Commissioner (ST) and two others, W.P.No.23463 of 2026, dated 07.07.2026 (SYA Homes)*. She points out that the principle laid down therein is squarely applicable.

4. As regards other issues, learned counsel for the petitioner submits that the petitioner admitted and discharged the liability. Without taking note of the same, it is stated that the tax proposals were confirmed without giving credit to the amounts remitted.

5. Mr. R. Sethu Prabakaran, learned Government Counsel (Tax), accepts notice on behalf of the first respondent. As regards the short payment of tax, learned counsel submits that a refund application is necessary.

6. On perusal of the show cause notice, it is clear from the table relating to excess claim of ITC that the comparison was made between the petitioner's GSTR 3B returns and the annual returns in GSTR 9. By contrast, in the impugned order, a comparison has been made between the auto-populated GSTR 2A and the petitioner's GSTR 3B returns. The amounts specified therein also appear to be at variance with the figures mentioned in the petitioner's reply. Since the petitioner was not provided an opportunity to respond to this aspect, re-consideration is necessary.

7. As regards the alleged short payment of taxes, the defence of the petitioner is that the amount was remitted inadvertently under the IGST head. This contention was accepted, but the petitioner was informed that Section 77 is applicable. Section 77 of the CGST Act is attracted in cases where a person remits IGST under the mistaken impression that it is an interstate supply. In the case at hand, the petitioner did not remit IGST on the basis that it had undertaken an interstate supply. Therefore, Section 77 is inapplicable as held in *SYA Homes*. Consequently, this aspect also warrants re-consideration. To facilitate such re-consideration, the impugned order is set aside as regards these two issues and the matter is remanded to the first respondent for re-consideration.

8. The petitioner shall file an application requesting that the sum which was inadvertently remitted under the IGST head be appropriated towards its liability under CGST and SGST heads. If procedurally necessary for this purpose, an application for refund may be submitted. Within three months from the date of receipt of such application, a fresh order shall be issued on both the remanded issues after providing a reasonable opportunity to the petitioner. In view of the impugned order being set aside, the attachment, if any, of the bank account of the petitioner in relation to the impugned order in the second respondent bank shall stand raised.

9. The writ petition is disposed of on the above terms. Consequently, connected miscellaneous petitions are closed. There shall be no order as to costs.

21-07-2026

Index : Yes/No

Neutral Citation : Yes/No

KJ

To

1.The Assistant Commissioner (ST)
Valluvarkottam assessment circle,
Chennai – 600006.

2.The Branch Manager
Kotak Mahindra Bank, Chennai.

SENTHILKUMAR RAMAMOORTHY, J.

KJ

WP No. 26359 of 2026
and WMP.Nos.28817 & 28819 of 2026

21-07-2026