BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Dated: 24.06.2026

CORAM

THE HONOURABLE MR JUSTICE D.BHARATHA CHAKRAVARTHY

W.P(MD)No.17531 of 2026
and
W.M.P(MD)No.13020 of 2026

Tvl. Mahalakshmi Traders
Rep. by its Partner M.Gunasekarapandian
S/o.Mukkaiah Chettiar
No.1/4715/6
Mallankinar Road
Virudhunagar District - 626 001. ... Petitioner

Vs.

1. The Joint Commissioner – (ST)(Intelligence),
   Commercial Taxes Building,
   Madurai road,
   Virudhunagar - 626 001.

2. The State Tax Officer - 2 (Inspection),
   O/o.The Joint Commissioner (ST)(INT),
   Commercial Taxes Building,
   Madurai Road,
   Virudhunagar - 626 001. ...Respondents

Prayer: Writ Petition, filed under Article 226 of the Constitution of India, praying this court to issue a Writ of Certiorari calling for records pertaining to impugned order of the 2nd respondent in Ref. No. ZD330426056051T/ Apr 2024 - Jun 2024 dated 07.04.2026 and the connected rectified order in Ref.No. ZD330526211539E/APR 2024-JUN 2024 dated 21.05.2026 and quash the same and pass such further or other orders as this Honble court may deem fit and proper in the circumstances of this case and thus render justice.

For Petitioner	:Mr.B.Rooban
For Respondents	:Mr.R.Parthiban Government Standing Counsel

ORDER

This writ petition is filed challenging the impugned order dated 07.04.2026. The same is an order of assessment passed under Section 73 of the Tamil Nadu Goods and Services Tax Act, 2017.

2. Heard Mr.B.Rooban, learned counsel appearing for the petitioner and Mr.R.Parthiban, learned Government Standing Counsel, who takes notice on behalf of the respondents.

3. The crux of the submissions made by the learned counsel appearing for the petitioner is that, although the taxpayer filed a reply explaining its position and the adjudicating officer considered and accepted the same, the proposal was nevertheless confirmed solely on the ground that, when the earlier notices were issued, the taxpayer had accepted the defect and voluntarily paid the amount through DRC-03.

4. The learned counsel would submit that, when an inspection is conducted or goods are intercepted and a demand is raised, taxpayers, considering the urgency of the situation and without prejudice to their rights, often pay the tax amount. However, such payment does not preclude them from lawfully contesting the matter, particularly when a show cause notice has been issued and a detailed reply has been filed.

5. Per contra, the learned Government Standing Counsel appearing for the respondents would submit that the petitioner cannot approbate and reprobate. Having voluntarily paid the tax amount through DRC-03 when the defect was pointed out at the relevant point

of time, the petitioner cannot now be permitted to turn around and contest the matter.

6. I have considered the submissions made on either side and perused the materials available on record.

7. Insofar as the tax liability is concerned, the same has to be determined and assessed in accordance with the procedure prescribed under Sections 73, 74, or 74A of the Act, as the case may be.

8. In that view of the matter, once a show cause notice containing the proposal is issued, the petitioner, being the taxpayer, is entitled to raise all legal and factual contentions in the reply and contend before the assessing authority that the proposed assessment is erroneous in law. Merely because the tax amount was paid through DRC-03 upon issuance of DRC-01A, it cannot, by itself, be presumed that the taxpayer has waived or abandoned all legal and factual pleas that are otherwise available. Therefore, I am unable to accept the said finding of the assessing officer, as the impugned order has been passed solely on the

basis of the said finding.

9. I am of the view that the matter has to be remanded back to the file of the respondent for fresh consideration. Relevant portion of the adjudication officer's final findings is extracted hereunder for ready reference:-

"The tax payer's reply was carefully examined and found that the inspection officer had inadvertently made a mistake in the calculation of stock difference. By accepting the defect, the tax payer had also paid the tax due along with penalty levied u/s 74A(5) (ii) of the TNGST Act 2017 through DRC-03 on 04.07.2024 and 28.03.2026. Hence this defect is hereby dropped.

ARN NO./ Date	Tax		Penalty	
	CGST	SGST	CGST	SGST
AD330724006133M/04/07/2024	81525	81525		
AD330326095994L/28.03.2026	64713	64713	83,199	83,199

Accordingly, an intimation in DRC-01A was issued in the reference Ist cited. The tax payer had accepted the defect and paid the amount tax voluntary through DRC 03. I therefore confirm the liability arose for the year 2024-25 due to surprise inspection as below:-

SUMMARY OF DUES DETERMINED

Defect No.	Nature of Defects	TAX			PENALTY		
		IGST	CGST	SGST	IGST	CGST	SGST
2	Name Board	0	0	0	0	10000	10000
3	Stock Difference	0	146238	146238	0	73,119	73,119
	Total due	0	146238	146238	0	83119	83119
	Paid	0	146238	146238	0	83119	83119
	Balance	0	0	0	0	0	0

Since the tax payer had paid the entire amount in accordance with the provisions of TNGST Act 2017 at the time of inspection and on intimation, the proceedings initiated through DRC 01A are hereby ordered to be conducted.”

10. In view of the same, this writ petition is ordered on the following terms:-

i. The impugned order dated 07.04.2026 shall stand set aside and the matter shall stand remanded back to the file of the respondent and the respondent shall proceed from the stage of personal hearing.

ii. The assessee shall appear before the respondent without fail and submit their reply and documents in support of their claim, and it is for the respondent to consider the matter afresh and pass orders in accordance with law.

iii. Since the impugned order of assessment is set aside, any attachment of the bank account made pursuant to the impugned order shall stand raised.

iv. Needless to mention that both factual and legal grounds can be raised before the respondents.

v. No costs. Consequently the connected miscellaneous petition is closed.

24.06.2026
(2/2)

NCC:Yes/No
rgm

D.BHARATHA CHAKRAVARTHY, J.

rgm

To

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