***THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH**
AND
***THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN**

+ WRIT PETITION No.7789 OF 2024

%10-09-2026

M/s Sri Uma Manpower Suppliers

...Petitioner

vs.

$ The Deputy Commissioner of Central Tax,
Central Excise and Service Tax and others

... Respondents

!Counsel for the petitioner : Mr.Kunuku Durga Prasad, learned counsel for the petitioner.

^Counsel for respondents : Ms. Bokaro Sapna Reddy, learned Senior Standing Counsel for Central Board of Indirect Taxes and Customs (CBIC) appearing for respondent Nos.1 to 3.

Mr. Arun Kumar Satyavolu, learned counsel appearing for respondent No.5.

<Gist :

>Head Note :

? Cases referred

1. W.P.No.9793 of 2024, dated 14.03.2025
2. W.P.(T) No.23 of 2022, dated 18.10.2022
3. W.P.Nos.16866 & 22013 of 2023 dated 23.01.2024

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

**THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN**

WRIT PETITION No.7789 of 2024

(CNR.No.HBHC010149282024)

DATE: 10.09.2026

BETWEEN:

M/s Sri Uma Manpower Suppliers

....Petitioner

AND

The Deputy Commissioner of Central Tax, Central Excise and Service Tax and others

....Respondents

ORDER

(per Hon'ble Sri Justice G.M.Mohiuddin)

Heard Mr. Kunuku Durga Prasad, learned counsel appearing for petitioner; Ms. Bokaro Sapna Reddy, learned Senior Standing Counsel for Central Board of Indirect Taxes and Customs (CBIC) appearing for respondent Nos.1 to 3; Mr. Arun Kumar Satyavolu, learned counsel appearing for respondent No.5 and perused the record.

2. The present writ petition is filed with the following prayer:

> *"……to issue writ, order or direction more particularly one in the nature of writ of mandamus to declaring the notices demand notice dated 30/8/2023 and attachment notice dated 19/10/2023 levying interest of Rs.4,82,295/- on delayed*

payment of liability in GSTR-1 for the month of December 2018 as illegal, arbitrary and contrary to law and also contrary to the principles of natural justice and set aside the same, consequently direct the 2nd respondent not to collect the interest on delayed payment of tax and grant such other relief or reliefs as are deemed fit and proper in the circumstances of the case."

Factual Matrix

3. The petitioner, M/s. Sri Uma Manpower Suppliers, is a registered person under the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the "CGST Act"). For the tax period of December 2018, the petitioner declared its tax liability in its GSTR-1 return. However, the corresponding liability was not debited towards tax within the prescribed period.

4. The petitioner contends that on 05.01.2019, it deposited amounts of Rs.15,60,826/- and Rs.23,88,588/- through two separate challans, which were credited to its Electronic Cash Ledger. The petitioner maintains that an amount of Rs.35,82,368/-, representing the tax liability pertaining to December 2018, was thus available in the Electronic Cash Ledger within the relevant period. However, the said amount was not debited towards the December 2018 liability at that time. The petitioner subsequently discharged the said liability while filing its GSTR-3B return for September 2019 on 17.10.2019.

5. During scrutiny of the petitioner's returns for the financial year 2018-19, the jurisdictional officer noticed that the liability declared

in GSTR-1 for December 2018 had been discharged only through the subsequently filed GSTR-3B return on 17.10.2019. Accordingly, the respondent issued a notice dated 30.08.2023, demanding interest of Rs.4,82,295/- under Section 50(1) of the CGST Act, calculated on the alleged delayed payment of Rs.35,82,368/- for a period of 273 days at the rate of 18% per annum.

6. In response, the petitioner, by its letter dated 01.09.2023, contended that the tax amount had already been deposited and was reflected in the Electronic Cash Ledger, but could not be adjusted against the December 2018 liability due to alleged technical glitches on the GST portal. The petitioner further contended that there was no wilful intention to delay or evade payment of tax.

7. Notwithstanding the petitioner's response, the respondent initiated recovery proceedings and issued a notice in Form GST-DRC-13 dated 19.10.2023 to the petitioner's bank under Section 79(1)(c) of the CGST Act for recovery of the disputed interest amount. Aggrieved by the levy of interest and the consequential recovery proceedings, the petitioner has approached this Court by way of the present writ petition.

Submissions on behalf of the petitioner

8. The learned counsel for the petitioner has advanced the following submissions:

i) That the petitioner had deposited the requisite tax amount in its Electronic Cash Ledger well before the prescribed due date. It was contended that the corresponding GSTR-3B return could not be filed within time on account of technical glitches and difficulties associated with the GST portal during the initial years of implementation of the GST regime, which were widely known and acknowledged.

ii) That once the tax amount had been deposited in the Electronic Cash Ledger, the said amount was lying with the Government and was available for appropriation towards the petitioner's tax liability. It was therefore contended that the petitioner could not be held liable for interest on account of the subsequent delay in debiting the Electronic Cash Ledger, particularly when such delay was attributable to systemic and technical difficulties and was not occasioned by any wilful default on the part of the petitioner. In support of the said contention, reliance was placed on the judgment of a learned Single Judge of the Madras High Court in ***M/s. Tamilnadu State Transport Corporation (Villupuram) Limited v. The Additional Commissioner of Central Tax***[1], wherein the Court considered the liability to pay interest where the tax

[1] W.P.No.9793 of 2024, dated 14.03.2025

amount had already been deposited in the Electronic Cash Ledger.

iii) That the impugned notices are illegal, arbitrary and contrary to law. It was contended that the respondent failed to duly consider the petitioner's replies dated 01.09.2023 and 20.11.2023, and proceeded to initiate recovery proceedings without properly dealing with the contentions raised therein. Such non-consideration of the petitioner's replies, according to the learned counsel, amounts to a violation of the principles of natural justice.

Submissions on behalf of the respondents

9. The learned Senior Standing Counsel appearing for respondent Nos.1 to 3 has advanced the following submissions:

i) That the writ petition is not maintainable and is liable to be dismissed. It was contended that under the scheme of the CGST Act, mere deposit of an amount in the Electronic Cash Ledger does not amount to discharge of the corresponding tax liability. According to the respondents, the liability is discharged only upon filing of the return and debit of the requisite amount from the Electronic Cash Ledger towards the tax liability.

ii) By placing reliance on the judgment of the Division Bench of the Jharkhand High Court in ***M/s. RSB Transmissions (India) Limited v. Union of India***[2], which was rendered by the Hon'ble the Chief Justice Sri Aparesh Kumar Singh, during his tenure at the Jharkhand High Court, it is contended that mere availability of sufficient balance in the Electronic Cash Ledger cannot be treated as payment of the tax liability. It was contended that the amount lying in the Electronic Cash Ledger would constitute discharge of the tax liability only when the same is debited towards such liability.

iii) That Section 50(1) of the CGST Act mandates payment of interest where the tax remains unpaid beyond the prescribed period. Since, according to the respondents, the tax liability in the present case was discharged only upon debit of the amount from the Electronic Cash Ledger while filing the GSTR-3B return in October 2019, the petitioner is liable to pay interest for the intervening period. It was further contended that the petitioner has an efficacious alternative remedy of appeal under Section 107 of the CGST Act and, therefore, ought not to have invoked the extraordinary writ jurisdiction of this Court.

10. We have taken note of the respective submissions urged and perused the material on record.

[2] W.P.(T) No.23 of 2022, dated 18.10.2022

Consideration by this Court

11. The principal issue that arises for consideration is whether the deposit of an amount equivalent to the tax liability in the Electronic Cash Ledger prior to the due date for filing the GSTR-3B return, without a corresponding debit towards such liability, amounts to discharge of the tax liability for the purposes of Section 50(1) of the CGST Act.

12. In order to appreciate the said issue, it is necessary to examine the statutory scheme governing payment of tax under the CGST Act and the Rules framed thereunder. Section 49(1) of the CGST Act provides for credit of amounts deposited towards tax, interest, penalty, fee or any other amount to the Electronic Cash Ledger.

13. Section 49(3) further provides that the amount available in the Electronic Cash Ledger may be used for making payment towards tax, interest, penalty, fee or any other amount payable under the Act or the Rules. Thus, the statutory scheme contemplates a distinction between the deposit of an amount into the Electronic Cash Ledger and its subsequent utilization towards discharge of a particular tax liability.

14. Rule 87 of the CGST Rules, 2017, which deals with the Electronic Cash Ledger, similarly contemplates crediting the amount deposited into the Electronic Cash Ledger and debiting the said

ledger for payment towards tax, interest, penalty, fee or any other amount. Therefore, mere deposit of an amount in the Electronic Cash Ledger, though resulting in a credit in favour of the registered person, does not by itself result in appropriation of that amount towards a particular tax liability. Such debit towards the tax liability takes place upon filing of the return and utilization of the amount available in the Electronic Cash Ledger.

15. This Court finds considerable force in the reasoning adopted by the Jharkhand High Court in ***M/s. RSB Transmissions*** (supra 2) wherein the Court while examining the scheme of Sections 39, 49 and 50 of the CGST Act, held that the liability to pay interest arises on delayed filing of the GSTR-3B return and delayed debit of the tax due from the Electronic Cash Ledger. The Court further held that mere deposit in the Electronic Cash Ledger prior to the due date for filing the GSTR-3B return does not amount to discharge of the tax liability. This Court is inclined to follow the aforesaid view. The Electronic Cash Ledger operates as a statutory ledger in which amounts deposited by a registered person are credited and from which amounts are thereafter debited towards the discharge of tax and other statutory liabilities.

16. It is to be noted that the mere availability of a balance in the Electronic Cash Ledger does not, by itself, identify or appropriate such amount towards the self-assessed tax liability declared in a

particular return. In the present case, although the petitioner claims to have deposited the requisite amount in January 2019, the corresponding tax liability was discharged only upon filing the GSTR-3B return for September 2019 on 17.10.2019. Therefore, in terms of the ratio laid down in ***M/s. RSB Transmissions*** (supra 2), the intervening period constitutes a period of delayed discharge of the tax liability for the purposes of Section 50(1) of the CGST Act.

17. The reliance placed by the petitioner on the judgment of the Madras High Court in ***M/s. Tamilnadu State Transport Corporation (Villupuram) Limited*** (supra 1), does not advance his case. In the said case, the Madras High Court considered the issue of levy of interest where the tax amount had been deposited in the Electronic Cash Ledger and the delay in filing the GSTR-3B returns was attributed to technical difficulties. The petitioner therein had relied upon the earlier decision of a learned Single Judge in ***M/s.Eicher Motors Limited v. The Superintendent of GST and Central Excise Range-II***[3] decided by the Madras High Court wherein it was observed that the interest liability stops accruing from the date on which the amount due is deposited in the taxpayer's Electronic Cash Ledger. However, this Court is faced with the contrary view expressed by the Division Bench of the Jharkhand High Court in ***RSB Transmissions*** (supra 2), which is more direct

[3] W.P.Nos.16866 & 22013 of 2023 dated 23.01.2024

and holds that mere deposit in the Electronic Cash Ledger prior to the due date does not amount to discharge of the tax liability. Having regard to the statutory scheme contained in Sections 39, 49 and 50 of the CGST Act, this Court is of the view that the reasoning adopted by the Division Bench of the Jharkhand High Court merits acceptance.

18. Further, the contention of the petitioner that the delay in filing the GSTR-3B return was occasioned by technical glitches in the GST portal cannot absolve the petitioner of the statutory liability to pay interest. Though the petitioner has attributed the delay to technical difficulties, the material placed on record does not establish that such technical difficulties prevented the petitioner from discharging the statutory liability in the manner prescribed under the Act. In any event, the existence of technical difficulties, without anything further, cannot alter the statutory consequence flowing from delayed discharge of the tax liability under Section 50(1) of the CGST Act.

19. As regards the contention relating to violation of the principles of natural justice, the record indicates that the petitioner was issued a notice dated 30.08.2023 demanding interest of Rs.4,82,295/- and that the petitioner submitted its reply dated 01.09.2023 raising its objections. The petitioner also placed further submissions before the authorities in support of its stand that it is not liable to pay the interest demanded. The respondents, after consideration of the reply

and submissions of the petitioner, however, proceeded to initiate recovery proceedings under Section 79 of the CGST Act. In view of the statutory scheme and the conclusion reached hereinabove on the substantive issue, the mere initiation of recovery proceedings after issuance of the demand notice does not, in the facts of the present case, warrant interference on the ground of violation of natural justice, particularly when the petitioner had an opportunity to place its objections before the department.

20. Moreover, the contention of the respondents regarding the availability of an alternative remedy under Section 107 of the CGST Act also does not, by itself, constitute an absolute bar to the exercise of writ jurisdiction. However, having regard to the fact that the issue raised in the present case essentially turns upon the interpretation of the statutory provisions governing the Electronic Cash Ledger and the levy of interest under Section 50(1) of the CGST Act, and having considered the rival contentions on merits, this Court is not inclined to interfere with the impugned proceedings in exercise of its extraordinary jurisdiction under Article 226 of the Constitution of India.

Conclusion

21. For the foregoing reasons, this Court is of the considered view that mere deposit of the tax amount in the Electronic Cash Ledger does not amount to discharge of the corresponding tax liability. The

liability stands discharged only when the amount is debited from the Electronic Cash Ledger towards the tax liability upon filing of the GSTR-3B return. Thus, the impugned notices cannot be said to suffer from any illegality or arbitrariness. The Writ Petition is liable to be dismissed as lacking merits.

22. Accordingly, the Writ Petition is dismissed.

As a sequel, miscellaneous petitions, pending if any, stand closed. No costs.

APARESH KUMAR SINGH, CJ

G.M.MOHIUDDIN,J

Date: 10.09.2026

Note: LR Copy to be marked.

(B/o.)

ssp