



W.P.No.41761 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 03.11.2025

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.41761 of 2025

and

W.M.P.Nos.46807 and 46812 of 2025

M/s.Sudhan VFX,
Represented by its Proprietor
Mr.Hariharasudhan Ravindran

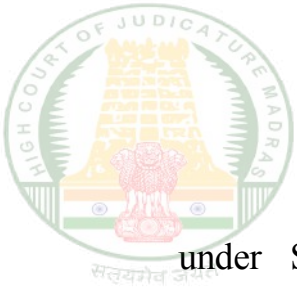
... Petitioner

Vs.

The Superintendent,
Range-IV, Valasaravakkam Division,
Chennai South Commissionerate,
Office of the Central Goods and
Service Tax,
Newry Towers,
Ground Floor,
12th Main Road,
Anna Nagar, Chennai – 600 040.

... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, to call for the records pertaining to the impugned Intimation Proceedings issued by the Respondent against the petitioner's firm vide GSTIN-33AHLPR9518E1Z3 for the amount recoverable



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under Section 79 of the CGST Act dated 15.07.2025 in Reference No.ZD3307251333789 for the Assessment Year 2023-2024 and quash the same as illegal, arbitrary and against the Principles of Natural Justice.

For Petitioner : Mr.K.M.Malarmannan

For Respondent : Mr.Sai Srujan Tayi
Senior Standing Counsel

ORDER

Mr.Sai Srujan Tayi, learned Senior Standing Counsel takes notice for the Respondent.

2. This Writ Petition is being disposed of at the time of admission with the consent of the learned counsel for the Petitioner and the learned Senior Standing Counsel for the Respondent.

3. The Petitioner claims that the Petitioner had raised invoices on the recipient. However, the recipient failed to honour the contract and therefore the contract did not fructify and the Petitioner was not liable to pay tax as no service was provided.

4. It is admitted that the Petitioner had recorded the transaction in Form GSTR-1 for the month of July 2023. However, it is submitted that in the



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monthly return in Form GSTR-3B, same was not reflected as there was no concluded contract with the supplier and therefore the Petitioner was not liable to pay tax.

5. It is submitted that the Respondent had issued Form GST DRC-01B intimation on 29.09.2023 under Rule 88C of the respective GST Rules which was also replied by the Petitioner on the same date in Part-B. However, without taking note of the same, the impugned recovery proceeding in Form GST DRC-01D has been issued under Section 79 of the respective GST enactments, demanding total tax of Rs.39,60,000/- towards IGST for the Tax Period between 4th July, 2023 and 5th July, 2023.

6. Learned Senior Standing Counsel for the Respondent submits that the tax liability has accrued as the Petitioner had supplied services, and had been recorded the same in Form GSTR-1 and in Form GSTR-3B. Hence, it is submitted that the Department is entitled to invoke machinery under Section 79(1) of the respective GST enactments.

7. A reading of the reply in Part-B to Form GST DRC-01B dated



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29.09.2023 seems to indicate that the Petitioner has cancelled the invoice *post facto*.

8. The reply of the Petitioner in Part-B to Form GST DRC-01B is reproduced below:-

“The three invoices have been cancelled and payment has not been received from the vendor side. Therefore we have deduct that amount and file the GST Return.”

9. The reply is incomplete and therefore the impugned recovery proceeding has been initiated to recover the aforesaid sum from the Petitioner.

10. In case the Petitioner has indeed provide service but not received payment, the Petitioner will be still liable to pay tax in terms of the provisions of the respective GST enactments.

11. The Petitioner ought to have given a proper reply by substantiating the same with the Annual Books of Account. If the amounts are shown in the



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Annual Books of Account are receivable, mere cancellation of the invoices unilaterally at a later point of time is of no avail.

12. Considering the overall facts of the case, this Writ Petition is disposed of by remitting the case back to the Respondent to pass a fresh order within a period of thirty days from the date of receipt of a copy of this order.

13. Within such time, the Petitioner shall give a proper reply with proper evidentiary materials to substantiate the case.

14. In case the Petitioner fails to file such a reply within such time, the present Writ Petition will be deemed to have been dismissed *in limine* by this order.

15. This Writ Petition stands disposed of with the above observations.
No costs. Connected Writ Miscellaneous Petitions are closed.

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Neutral Citation : Yes / No

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To:

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C.SARAVANAN, J.

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