



JUDGEMENT

High Court Questions Reliance on Income Tax Orders for GST Proceedings. Grants Interim Relief and Seeks Independent Investigation.

Issued By:	Gujarat High Court
In Case Of:	Manojbhai Dhirubhai Gondaliya
Order No:	SCL No. 17685 / 2024
Order Date:	24 th January 2025

FACTS & OBSERVATIONS

- The petitioners challenged the impugned show cause notices issued by respondent authorities based on assessment orders passed by the Income Tax Department under Section 132 of the Income Tax Act, 1961, without independent investigation.
- The notices relied solely on assessment orders for AY 2017-18 and 2018-19, along with DRC-01A forms, without further factual examination by the authorities.
- Petitioners also challenged the vires of Section 75(2) of the CGST/SGST Act, 2017, questioning the legality of relying on income tax assessments for GST adjudication.

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- The Court noted that the show cause notices merely reproduced assessment order extracts from the Income Tax Department without independent verification.
- The reliance on REIC meeting records and soft copies of tax assessments was insufficient to substantiate GST claims without separate investigation by the respondent authorities.
- The Court observed that Section 75(2) of the CGST/SGST Act, 2017, must be interpreted in alignment with principles of independent adjudication, preventing blind reliance on external tax assessments.
- Pending final adjudication, the Court directed that while petitioners must cooperate with proceedings, no final order shall be passed without prior Court approval.

N J JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

WWW.NJJAIN.COM

info@niteshjain.co.in

079-4002-2628