

W.P(MD)Nos.18606 and 18607 of 2025

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 09.07.2025

CORAM

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P(MD)Nos.18606 and 18607 of 2025

W.P(MD)No.18606 of 2025

Arise Steels Private Limited,
Represented by its Director,
Mr.Mappillai Meeran,
SF No.22/1A, Musiri Thuraiyur Main Road,
Jambunathapuram,
Musiri Taluk,
Thulayantham,
Tiruchirappalli – 621 205.

... Petitioner

Vs.

1.The Assistant Commissioner (ST),
(Review Appeal and Legacy),
DC Office,
Karur.

2.State Tax Officer (FAC)
Kulithalai Assessment Circle,
Kulithalai.

...Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus, directing the First Respondent to unblock the petitioners Input Tax Credit (ITC) under the Tamil Nadu Goods and Service Tax Act, 2017 (TNGST Act)/Central Goods and



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Service Tax Act, 2017 (CGST Act) amounting to Rs.3,20,04,662/- (CGST - Rs.1,64,85,568/- and TNGST - Rs.1,55,19,094/-) (blocked vide reference No.BL3305250000694 on 22.05.2025) and consequently, permit the petitioner to debit the corresponding ITC from its electronic credit ledger.

For Petitioner : M/s.NV.Lakshmi

For Respondents : Mr.R.Suresh Kumar
Additional Government Pleader

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Represented by its Director,
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Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus, directing the First



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Respondent to unblock the petitioner's Input Tax Credit (ITC) under the Tamil Nadu Goods and Service Tax Act, 2017 (TNGST Act) amounting to Rs.9,66,474/- (blocked vide reference No.BL3311240001088 on 27.11.2024) (CGST - Nil and TNGST - Rs.9,66,474/-) and consequently, permit the petitioner to debit the corresponding ITC from its electronic credit ledger.

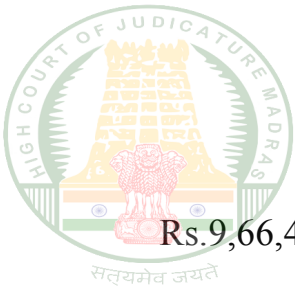
For Petitioner : M/s.NV.Lakshmi

For Respondents : Mr.R.Suresh Kumar
Additional Government Pleader

COMMON ORDER

W.P(MD)No.18606 of 2025 has been filed for a Mandamus to direct the first respondent to unblock the petitioner's Input Tax Credit (ITC) under the Tamil Nadu Goods and Service Tax Act, 2017 (TNGST Act)/Central Goods and Service Tax Act, 2017 (CGST Act) amounting to Rs.3,20,04,662/- (CGST - Rs.1,64,85,568/- and TNGST - Rs.1,55,19,094/-) (blocked vide reference No.BL3305250000694 on 22.05.2025) and consequently, permit the petitioner to debit the corresponding ITC from its electronic credit ledger.

2. W.P(MD)No.18606 of 2025 has been filed for a Mandamus to direct the first respondent to unblock the petitioner's Input Tax Credit (ITC) under the Tamil Nadu Goods and Service Tax Act, 2017 (TNGST Act) amounting to



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Rs.9,66,474/- (blocked vide reference No.BL3311240001088 on 27.11.2024)

(CGST - Nil and TNGST - Rs.9,66,474/-) and consequently, permit the petitioner to debit the corresponding ITC from its electronic credit ledger.

3. By the impugned communications, dated 22.05.2025 and 27.11.2024, the electronic credit ledger of the petitioner have been blocked. It is noticed that the petitioner has now suffered an assessment order, dated 04.02.2025 for the period between 2022-2023 and 2023-2024. Against the said order, the petitioner has filed an appeal on 12.05.2025 under Section 107 of the respective Goods and Services Tax enactments, 2017.

4. The contention of the respondents is that the restrictions under Rule 86A of the CGST Rules has to remain in force for a period of one year in terms of Rule 86A(3).

5. Dealing with a somewhat identical situation, this Court passed an order on 13.09.2023 in W.P(MD)No.20767 of 2023 etc., batch in the case of ***Tvl.New Royal Traders Vs Assistant Commissioner RAL, Alandur***



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Assessment Circle, Nandanam, Chennai. The relevant portion of the order is

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5. As far as the writ petition at Sl.No.1 to the above table is concerned, the credit of Rs.37,71,590/- was blocked on 16.06.2023. The last date for due under 86A(3) of the CGST Rules will expire only on 15.06.2024. Meanwhile, the respondent has passed an Assessment Order on 08.08.2023.

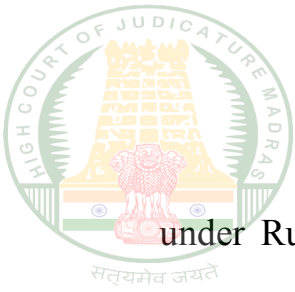
6. The learned counsel for the petitioner submits that petitioner proposes to file an appeal against the aforesaid order dated 08.08.2023. It appears that the amount that was blocked is the amount which has been confirmed in the Assessment Order dated 08.08.2023.

7. Considering the fact that the petitioner proposes to file an appeal before the Appellate Authority, liberty is given to the petitioner to deposit 10% of the amount confirmed vide order dated 08.08.2023 through electronic cash register. The petitioner shall also file an appeal against the aforesaid order within a period time prescribed under Section 107 of the TNGST Act, 2017.

8. The credit amount of Rs.37,71,590/- that has been blocked shall be unblocked subject to the petitioner depositing 10% of the amount confirmed vide order dated 08.08.2023. It is made clear that if the petitioner fails to file an appeal within the statutory period prescribed under Section 107 of the TNGST Act, 2017, the respondent is at liberty to block the aforesaid credit amount that may be lying unutilized in the electronic credit ledger of the petitioner.

9. The Writ Petition Stands closed with the above liberty. No cost. Consequently, connected miscellaneous petitions are closed.

6. A reading of Paragraph Nos.5 to 9 of the aforesaid order indicates that if an appeal is filed by depositing 10% of the disputed tax, the restrictions



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under Rule 86A(3) of the CGST Act will come to an end. I find no other judgments that has taken a contra view.

7. Considering the same, there shall be a direction to the respondents to unblock the petitioner's Input Tax Credit, which was blocked on 22.05.2025 and 27.11.2024. The writ petitions stand disposed of with the above observations. No costs.

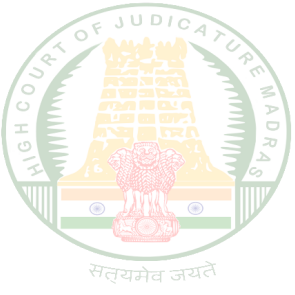
09.07.2025

NCC : Yes / No
Index : Yes / No
Internet : Yes / No
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To

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2.State Tax Officer (FAC)
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C.SARAVANAN, J.

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