Ziva Auto Sales Thru. Prop. Akhand Pratap and Another vs State of U.P. Thru. Secy. State Tax Lko. and Another

Whether interest not quantified in the show cause notice can be imposed in the adjudication order under Section 75(7) of the GST Act, 2017.

Date of Order: January 28, 2026
Case Law No: GIB-AHC-LKO-2026-1-DB
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

The writ petition was allowed and the impugned order dated 11 February 2025 passed under Section 73(9) of the Goods and Services Tax Act, 2017, along with the show cause notice dated 13 November 2024, were quashed and set aside.

The Court held that Section 75(7) of the Act, 2017 mandates that the amount of tax, interest and penalty demanded in the order shall not exceed the amount specified in the show cause notice and no demand shall be confirmed on grounds other than those specified in the notice.

In the present case, the show cause notice did not quantify any interest for the period April 2020 to March 2021, though interest was later imposed in the adjudication order. The Court held that failure to quantify interest in the show cause notice, despite the relevant period being known to the authorities, was in contravention of Section 75(7).

The contention of the GST authorities relying on Section 75(9), that interest is payable whether or not specified in the order, was rejected. The Court held that Section 75(9) applies to non-specification of interest in the order determining tax liability, and not to non-quantification in the show cause notice.

Liberty was granted to the authorities to issue a fresh show cause notice in accordance with law and proceed afresh.

Cases Referred by Court:

- Vrinda Automation vs. State of Uttar Pradesh and another, Writ Tax No. 2006 of 2025, decided on 14 May 2025

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