Veremax Technologie Services Limited vs Assistant Commissioner of Central Tax

Show Cause Notice – Clubbing of multiple financial years in a single show cause notice under Section 73 of the CGST Act, 2017 – validity of consolidated show cause notice.

Date of Order: September 4, 2024
Case Law No: GIB-KHC-2024-04
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts:
The petitioner challenged the show cause notice dated 03.05.2024 and the Order-in-Original dated 21.11.2023 issued under Section 73 of the CGST/IGST/SGST Acts for the financial years 2017-18 (July 2017 to March 2018), 2018-19, 2019-20 and 2020-21. The petitioner contended that the department issued a single consolidated show cause notice covering multiple tax periods instead of issuing separate notices for each financial year.

Court Decision:
The Court held that under Section 73 of the CGST Act, the limitation period of three years for passing an order is calculated separately from the due date of furnishing the annual return for each financial year. Consequently, actions relating to different financial years must be treated independently.

Relying on the principles laid down by the Supreme Court and the Madras High Court, the Court held that issuance of a single consolidated show cause notice for multiple financial years is contrary to the statutory scheme of the CGST Act.

Accordingly, the Court allowed the writ petition and quashed the show cause notice dated 03.05.2024 issued for the tax periods 2017-18 to 2020-21. The Court clarified that the respondent is at liberty to issue separate show cause notices for each assessment year in accordance with Section 73 of the CGST Act.

Cases Referred by Court:

· Titan Company Ltd. v. Joint Commissioner of GST, W.P. No.33164 of 2023 (Madras High Court)

· State of Jammu and Kashmir and Others v. Caltex (India) Ltd., AIR 1966 SC 1350

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