NL Tile Art Private Limited vs. Additional Commissioner of Commercial

Validity of revision proceedings based on audit report – Section 108 of the CGST Act, 2017 / KGST Act, 2017 read with Sections 73 and 74 of the CGST/KGST Act.

Date of Order: December 18, 2025
Case Law No: GIB-KHC-2025-20
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts:
Audit reports dated 06.12.2022 and 22.02.2023 were issued in respect of the petitioner. Based on the audit observations, the respondent issued a revision notice dated 05.11.2025 under Section 108(1) of the CGST/KGST Act proposing revision of the audit report. The petitioner challenged the notice contending that revision proceedings under Section 108 cannot be initiated merely to revise an audit report without first initiating proceedings under Sections 73 or 74 of the Act.

Court Decision:
The High Court held that Section 65(7) of the KGST Act provides that where an audit detects unpaid or short-paid tax or wrongful availment of input tax credit, the proper officer must initiate action under Section 73 or Section 74 of the Act. The Court observed that in the present case no proceedings under Sections 73 or 74 had been initiated prior to issuing the revision notice under Section 108.

Following the earlier judgment of the same Court, the Court held that revisional powers under Section 108 cannot be invoked to revise an audit report in the absence of proceedings under Sections 73 or 74. Consequently, the revision notice dated 05.11.2025 was held to be without jurisdiction and was quashed, while granting liberty to the authorities to initiate appropriate proceedings in accordance with law.

Cases Referred by Court:

- *Navayuga Engineering Company Limited vs. Joint Commissioner of Commercial Taxes*
- *Radha Krishan Industries vs. State of Himachal Pradesh*

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