Guru Storage Batteries vs. State of Maharashtra & Ors.

Validity of blocking of Electronic Credit Ledger (ECL) by an officer below the rank of Assistant Commissioner under Rule 86A of the CGST Rules, 2017.

Date of Order: September 11, 2023
Case Law No: GIB-BHC-2023-06
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background & Relevant Facts

The petitioner, Guru Storage Batteries, a partnership firm based in Nagpur, challenged the action of Respondent No. 3 — the State Tax Officer, Kamptee — in blocking its Electronic Credit Ledger (ECL). The blocking was carried out by Mr. Ujval Shrirampant Deshmukh, a State Tax Officer, who is admittedly an officer of a rank below that of Assistant Commissioner. The respondents sought to justify this action by relying on a Notification dated 24/01/2020, contending that the Commissioner had delegated the power to block ECL to Respondent No. 3. The petitioner also alleged that illegal recovery notices were being issued consequent to the said blocking.

Court Observations (Verbatim)

"*A perusal of Rule 86A of the Central Goods and Services Tax Rules, 2017, indicates that such a blocking can be done by the Commissioner or an officer authorized by him in this behalf, not below the rank of Assistant Commissioner. Admittedly, the respondent No.3 does not fall within that category and is an Officer of the rank below that of the Assistant Commissioner.*"

"*Though the Notification dated 24/1/2020 has been relied upon to contend that the power has now been delegated by the Commissioner to the respondent No.3 (page 104), the same is under the State GST Act, whereas Rule 86-A of the aforesaid Act would contemplate a delegation by way of amendment to the Rule. The Notification dated 24/01/2020, would be of no assistance to the respondents.*"

Final Verdict

The action of Respondent No. 3 in blocking the ECL was held to be without authority and was quashed and set aside. The petition was allowed with no costs, and the Rule was made absolute.

Cases Referred

- **Dee Vee Projects Ltd. vs. Government of Maharashtra and Ors.** — 2022(2) Bom.C.R. 239 *(Bombay High Court)*

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