Christie's India Private Limited v. Union of India & Ors.

Challenge to the constitutional validity of Section 16(2)(c) of the CGST Act, 2017 and the corresponding provision of the Maharashtra GST Act, 2017, on the grounds of violation of Articles 14, 19(1)(g) and 300A of the Constitution.

Date of Order:	September 20, 2025
Case Law No:	GIB-BHC-2025-67
Source:	GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background

The petitioner challenged the constitutional validity of Section 16(2)(c) of the CGST Act and its corresponding Maharashtra provision. During the hearing, the Respondents pointed out that the **Kerala, Patna and Madhya Pradesh High Courts had upheld the validity** of the impugned provisions, while the petitioner relied upon a recent decision of the Gauhati High Court which had struck down the provision.

The petitioner also challenged an order dated 28 February 2025 raising a GST demand of ₹1 crore, along with an additional ₹1 crore towards penalty and interest. The petitioner did not dispute the dues but contended that the liability should be borne by the fifth respondent. It was also submitted that the fifth respondent had already paid ₹21 lakhs towards GST liability.

Court Observation

The Court, prima facie, held that the State should not be deprived of its dues merely because of the dispute between the petitioner and the fifth respondent regarding who was liable to pay the dues. The Court was not prepared to accept that payment of ₹21 lakhs by the fifth respondent discharged the entire tax liability. If the petitioner believed that the liability was of the fifth respondent, it could initiate appropriate proceedings to recover the amount from that respondent.

The Court further observed that, despite issuing Rule, the existence of **conflicting decisions on the constitutional validity of the provision** meant that this was not a case for granting an unconditional stay. It also noted that at least three High Courts had already upheld the constitutional validity of the impugned provision.

Final Verdict

The Court **issued Rule** in the writ petition and also issued notice to the Attorney General for India because a provision of the Central statute was under challenge. However, it declined to grant an unconditional stay on recovery.

The Court stayed recovery pursuant to the order dated 28 February 2025 **subject to the petitioner depositing ₹20 lakhs in Court within six weeks from the date of uploading of the order**. The stay would automatically stand vacated if the deposit and due intimation to the Respondents were not made.