Shree Hanumant Steel Traders & Anr. v. Assistant Commissioner, Circle-5, Division-1,

Challenge to notices issued under Section 74(9) of the GST Act, 2017, alleging availment of input tax credit through fake invoices without actual supply of goods.

Date of Order: September 9, 2026
Case Law No: GIB-CGHC-2026-108
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background

The petitioners challenged the respective notices issued by the respondent authority under **Section 74(9) of the GST Act, 2017**, dated 16.10.2025. The notices related to allegations that input tax credit had been availed by issuing fake invoices without actual supply of goods. The petitioners contended that the notices did not contain the foundational facts necessary to support the allegations of fraud, wilful misrepresentation or suppression.

The respondent authority opposed the petitions, submitting that the notices had appropriately set out the foundational facts and that the petitioners had an efficacious alternative remedy of filing appeals under **Section 107 of the GST Act**.

Court Observation

The Court, on careful perusal of the impugned notices, found that the authority **failed to assign sufficient reasons** while issuing the notices under Section 74(9).

Relying upon the Supreme Court's decision in *Tata Steels Ltd. v. Union of India*, the Court observed that where an extended limitation period is invoked on allegations of fraud, wilful misrepresentation or suppression, the **foundational facts leading to such inference must be evident from the notice itself**. Mere use or mechanical recitation of these expressions does not demonstrate application of mind or justify recovery beyond the normal limitation period.

Final Verdict

The High Court held that the impugned notices issued under **Section 74(9) dated 16.10.2025 were unsustainable** and accordingly **quashed the respective notices**. The writ petitions were therefore allowed.

The Court, however, granted liberty to the respondent authority to **issue fresh notices strictly in accordance with law**, if so advised.

Case Referred by Court

Tata Steels Ltd. v. Union of India — Supreme Court of India — 2026