

W.P(MD)No.9040 of 2024

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Reserved on : 28.11.2025

Pronounced on : 05.08.2026

CORAM

THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P.(MD)No.9040 of 2024

and

W.M.P.(MD)Nos.8240 and 8241 of 2024

M/s.Bhima Enterprises,
Represented by its Accountant,
Sathish Kumar Rajendran,
No.8/7, Ramapuram West,
Manikattipottal,
Pottal Post, Nagercoil,
Kanyakumari District – 629 501.

... Petitioner

Vs.

- 1.The Principle Chief Commissioner of GST &
Central Excise Tamil Nadu & Puducherry,
No.26/1, Mahatma Gandhi Road,
Nungambakkam,
Chennai – 600 034.
- 2.The Commissioner of GST & Central Excise,
Madurai Commissionerate,
Central Revenue Buildings,
No.4, Lal Bahadur Sastri Road,
Bibikulam, Madurai – 625 002.
- 3.The Joint Commissioner,
Office of the Central GST & Excise,
Tirunelveli Division,
2nd Floor, Central Revenue Building,
Tractor Road, NGO “A” Colony,
Tirunelveli – 627 007.



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4.The Superintendent,
Office of the Central GST & Excise,
Tirunelveli Division,
2nd Floor, Central Revenue Building,
Tractor Road, NGO “A” Colony,
Tirunelveli – 627 007.

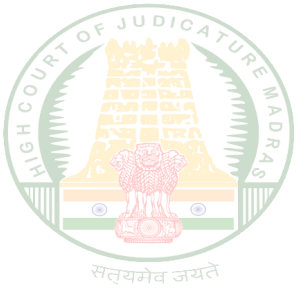
5.The Inspector,
Office of the Central GST & Excise,
Tirunelveli Division,
2nd Floor, Central Revenue Building,
Tractor Road, NGO “A” Colony,
Tirunelveli – 627 007.

... Respondents

Prayer: Writ Petition filed under Article 226 of Constitution of India, to issue a Writ of Certiorarified Mandamus, calling for the records and to quash the Authorization for Search in Form GST INS-01 dated 15.08.2023 issued by the third respondent and to consequently direct the respondents to refund the tax collected to the tune of Rs.32,62,640/- from the petitioner with interest and to return all the original documents collected from the petitioner within such period as this Court directs.

For Petitioner : Mr.R.Karthik Ranganathan

For Respondents : Mr.AR.L.Sundaresan,
Additional Solicitor General,
Assisted by Mr.N.Dilip Kumar.



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ORDER

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The writ petitioner is a partnership firm engaged in jewelry business. They are manufacturers and wholesalers. A surprise search was conducted by the respondents 4 and 5 herein on 16.08.2023 under Section 67(2) of the Central Good and Services Tax Act, 2017. The officials seized gold ornaments weighing 3808.386 grams valued at Rs.2,22,98,100/- and physical gold bullion weighing 5478.940 grams valued at Rs.3,20,79,193/- on the ground that this excess stock was not reflected in the petitioner's book of accounts. The search officials were not convinced or satisfied by the explanation preferred by the petitioner. The seizure details were recorded in the form GST INS-02 on 16.08.2023. A seizure memo was also issued. While the petitioner would claim that there were compelled to cough up Rs.32,62,640/- towards tax liability in two installments ie., a sum of Rs.13,37,888/- and Rs.19,24,752/- on 16.08.2023 and 17.08.2023 respectively, the respondents contend that it was a voluntary payment made by the petitioner after they realized that they were liable to pay the same.

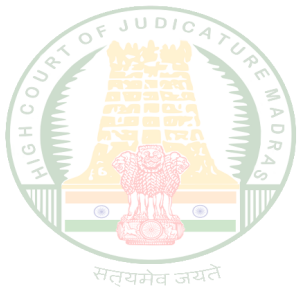
2.The case of the petitioner is that this search itself was illegal as the warrant produced by the officials concerned did not bear the



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mandatory “Document Identification Number (DIN)”. Hence, the proceedings that took place pursuant thereto were non-est. They also would claim that they were harassed by being repeatedly summoned. Seeking refund of the amount said to have been coercively collected from them totalling Rs.32,62,640 and questioning the validity of the authorization issued on 15.08.2023, this writ petition has been filed.

3.The learned counsel for the petitioner reiterated all the contentions set out in the affidavit filed in support of the writ petition. He took me through the contents of his submissions. Placing reliance on *Pradeep Goyal vs Union of India (2023) 1 SCC 566*, he emphasised the significance of sharing the DIN with the taxpayers. He submitted that though there is no clause requiring communication of DIN to the tax payer in the circulars issued by CBIC, if that requirement is not read into the circular, it would cause substantial prejudice to the taxpayers. He also contended that what was issued was only an authorization to inspect and not conduct search or seize, which information came to light when DIN was entered. He submitted that the entire proceedings were without jurisdiction and called upon this court to set aside the same and order refund of the illegally collected amounts.



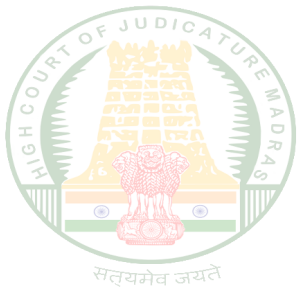
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4.Shri.ARL.Sundaresan, Additional Solicitor General of India

WEB COPY assisted by Mr.N.Dilipkumar, learned Standing Counsel for the respondents vehemently contested the writ prayer. Counter affidavit as well as notes of submission were filed and I was taken through the same.

The stand of the respondents is three fold:-

(a) The authorities received credible information that the petitioner had been indulging in tax evasion. Hence, two search warrants and three inspection notices were issued on 15.08.2023. On 15.08.2023, authorization for the search was issued by the Joint Commissioner under Section 67(2) of the Act to the jurisdictional Assistant Commissioner. During the search, the officers found excess stock of gold ornaments and shortage of stock of gold bullion. When the assessee was confronted with these discrepancies, the assessee voluntarily paid a sum of Rs.32,62,640/- in two installments on 16.08.2023 and 17.08.2023. Challenging the seizure order, the petitioner filed W.P.(MD)No. 23502 of 2023 seeking release of the goods. Vide order dated 26.09.2026, the goods were ordered to be released without any bond or security as the petitioner had already paid the entire tax amount. Having obtained relief by projecting that the tax liability has been cleared, it is not open to the petitioner to now ask for refund of the amount. The petitioner cannot be permitted to blow hot and cold. The principle of estoppel would operate against the petitioner.



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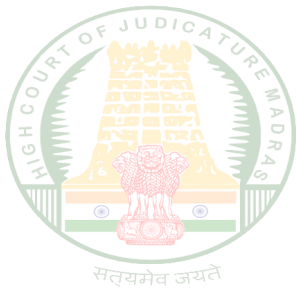
(b)It is not necessary that authorization letter should mandatorily contain DIN. It is enough if it is generated within 15 days from the date of inspection / search. In the case on hand, the time line was followed. Since DIN is not required to be shared with the assessee, no prejudice has been caused to the petitioner by non-disclosure of DIN subsequently generated.

(c)The surprise search and inspection had exposed the petitioner's attempts at tax evasion. Even if some irregularity is attributed to the acts of the officials, that will not vitiate the process itself.

In support of his contentions, the learned ASG placed reliance on a catena of case laws (DDA vs Durga Chand Kaushish (1973) 2SCC 825, Hammad Ahmed vs Abdul Majeed (2019) 14 SCC 1, B.Rajendran vs K.Arumugham (2011) 1 LW 283, Pooran Mal vs Director of Inspection (1974) 93 ITR 505 SC, UOI vs Kunisetty Satyanarayana (2206) 12 SCC 28, CCE vs Krishna Wax 2019 (368) E.L.T. 796 (S.C.) among others)

5.I carefully considered the rival contentions and went through the materials on record. The following issues arise for consideration:-

(a)What are the elementary formalities that have to be observed by the officials for carrying out search,



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inspection and seizure under Section 67 of the CGST Act, 2017? Whether DIN has to be shared when it is subsequently generated?

(b) What was conducted in the petitioner's premises-search or inspection? Whether those proceedings are valid?

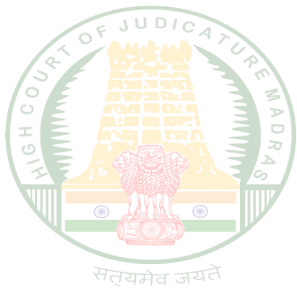
(c) Whether the petitioner is entitled to refund of the amount paid by him in two installments on 16.08.2023 and 17.08.2023?

6. Section 67 of the CGST Act confers the power on the proper officer to conduct inspection, search and seizure. It reads as follows:-

“ Power of inspection, search and seizure.

(1) Where the proper officer, not below the rank of Joint Commissioner, has reasons to believe that--

(a) a taxable person has suppressed any transaction relating to supply of goods or services or both or the stock of goods in hand, or has claimed input tax credit in excess of his entitlement under this Act or has indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; or



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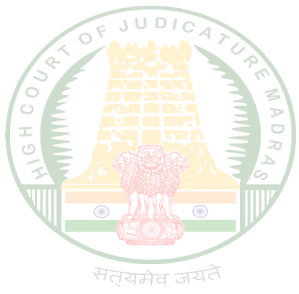


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(b) any person engaged in the business of transporting goods or an owner or operator of a warehouse or a godown or any other place is keeping goods which have escaped payment of tax or has kept his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act,

he may authorise in writing any other officer of central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.

(2) Where the proper officer, not below the rank of Joint Commissioner, either pursuant to an inspection carried out under sub-section (1) or otherwise, has reasons to believe that any goods liable to confiscation or any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Act, are secreted in any place, he may authorise in writing any other officer of central tax to search and seize or may himself search and seize such goods, documents or books or things:



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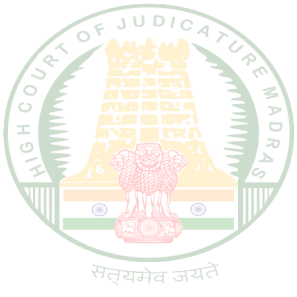
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Provided that where it is not practicable to seize any such goods, the proper officer, or any officer authorised by him, may serve on the owner or the custodian of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer:

Provided further that the documents or books or things so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceedings under this Act.

(3) The documents, books or things referred to in sub-section (2) or any other documents, books or things produced by a taxable person or any other person, which have not been relied upon for the issue of notice under this Act or the rules made thereunder, shall be returned to such person within a period not exceeding thirty days of the issue of the said notice.

(4) The officer authorised under sub-section (2) shall have the power to seal or break open the door of any premises or to break open any *almirah*,



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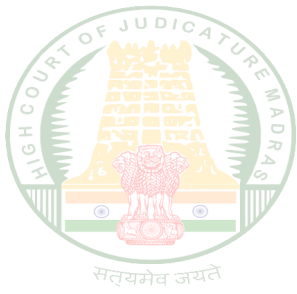
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electronic devices, box, receptacle in which any goods, accounts, registers or documents of the person are suspected to be concealed, where access to such premises, *almirah*, electronic devices, box or receptacle is denied.

(5) The person from whose custody any documents are seized under sub-section (2) shall be entitled to make copies thereof or take extracts therefrom in the presence of an authorised officer at such place and time as such officer may indicate in this behalf except where making such copies or taking such extracts may, in the opinion of the proper officer, prejudicially affect the investigation.

(6) The goods so seized under sub-section (2) shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.

(7) Where any goods are seized under sub-section (2) and no notice in respect thereof is given within six months of the seizure of the goods, the



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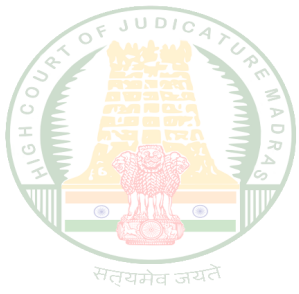
goods shall be returned to the person from whose possession they were seized:

Provided that the period of six months may, on sufficient cause being shown, be extended by the proper officer for a further period not exceeding six months.

(8) The Government may, having regard to the perishable or hazardous nature of any goods, depreciation in the value of the goods with the passage of time, constraints of storage space for the goods or any other relevant considerations, by notification, specify the goods or class of goods which shall, as soon as may be after its seizure under sub-section (2), be disposed of by the proper officer in such manner as may be prescribed.

(9) Where any goods, being goods specified under sub-section (8), have been seized by a proper officer, or any officer authorised by him under sub-section (2), he shall prepare an inventory of such goods in such manner as may be prescribed.

(10) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974), relating to search and



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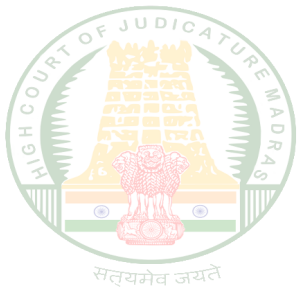


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seizure, shall, so far as may be, apply to search and seizure under this section subject to the modification that subsection (5) of section 165 of the said Code shall have effect as if for the word "Magistrate", wherever it occurs, the word "Commissioner" were substituted.

(11) Where the proper officer has reasons to believe that any person has evaded or is attempting to evade the payment of any tax, he may, for reasons to be recorded in writing, seize the accounts, registers or documents of such person produced before him and shall grant a receipt for the same, and shall retain the same for so long as may be necessary in connection with any proceedings under this Act or the rules made thereunder for prosecution.

(12) The Commissioner or an officer authorised by him may cause purchase of any goods or services or both by any person authorised by him from the business premises of any taxable person, to check the issue of tax invoices or bills of supply by such taxable person, and on return of goods so purchased by such officer, such taxable person or any person in charge of the business premises shall



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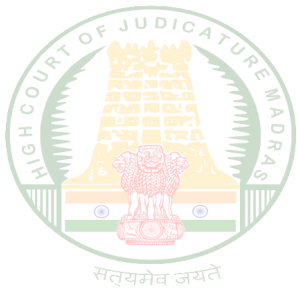


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refund the amount so paid towards the goods after cancelling any tax invoice or bill of supply issued earlier.”

The above provision speaks of inspection, search and seizure. They are conceptually distinct acts though one may closely follow the other. I have to say so because the Standing counsel in his written notes has argued that since inspection and search have been dealt under the very same provisions(Section 67, Rule 139 and Form GST INS-01), the dividing line between an inspection and search is too narrow and very much blurred. The Hon'ble Division Bench of this Court in ***Shri Ramakrishnan Srikishan Jhaver and Others Vs. Commissioner of Commercial Taxes and Others ((1965) 57 ITR 664)*** delineated the differences in the following terms:-

“16. Now what is ordinarily meant by inspection, search and seizure? According to the *Oxford Concise Dictionary*, to “inspect” is to “look closely into”; “examine officially”. To that extent what the Attorney-General said is correct. The word is derived from the Latin *Spicere* meaning look. The meaning of “search” in the same dictionary is given as “look or feel or go over (person or his face or pockets, receptacle, place, book) for what can be found or to find something of which presence is suspected, probe, look for, seek out”. Search warrant as seen from this dictionary is one that is granted by justice of peace to enter



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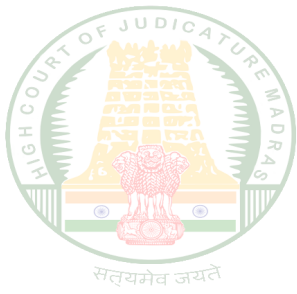


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premises of person suspected of concealing stolen property. In French it is *Chercher* and the Latin word is *Circare* which in literal sense means, go around as in circus. It may be seen that a search is therefore not mere looking for something which is produced or open but which is hidden, concealed or not obvious. It is looking for in the sense of seeking out what is suspected or concealed by probing into or investigation or examination. Seize, as the dictionary shows, means “taking possession by warrant or legal right, confiscate, impound or attach, lay hold of forcibly or suddenly, snatch, grasp with hand or mind”. Seizure, therefore, is not mere taking but taking with force. Davis in “Federal searches and seizures” says that the mere observation or visual inspection of what is open and patent does not constitute a search and that an “inspection” contemplates the examination of articles or objects made available for that purpose and is usually, but not invariably, associated with civil rather than criminal proceedings. He adds that an inspection cannot be used in lieu of a legally justified search for the purpose of discovering evidence of the commission of a crime. Referring to an American decision of a Court of Appeal at page 367, it quotes:

“It is, however, implicit in *Davis v. United States* [325 U.S. 888.] that the right to inspect does not carry with it the right, without warrant and in absence of arrest, to reach that which is to be inspected by a resort to self-help in the face of the owner's protest”.

17. At page 350 Davis again refers to the American view that a search implies an examination of one's premises or person with a view to the discovery of contraband or



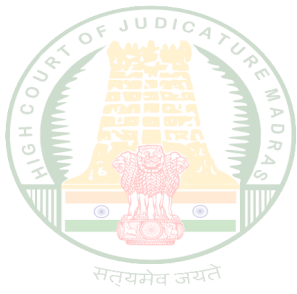
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evidence of guilt to be used in prosecution of a criminal action, that the term implies exploratory investigation or quest and that it is well established that it is not a search to observe what is open and patent either in daylight or artificial light. Though the American view of the meaning of the words “inspection” and “search” is so expressed in the context of the Fourth Amendment to the Constitution of the United States, it seems to us that it correctly represents the general import and content of those English words. An examination of sections 96, 98 and 51 of the Code also shows that search has been used in contradistinction with “inspection” and implies an exploratory examination or probing into or seeking out something which is hidden, concealed, suspected and not open, exposed or demonstrated. It appears to be hardly appropriate to say that when a person or place is explored or probed into for something hidden or not obvious, such a person or place is inspected. That is clearly a search. Seizure implies not mere taking but forcible taking. It is taking with force possession of something contrary to the wishes of its owner or possessor: See *Gianchand v. The State of Punjab* [[1962] Suppl. 1 S.C.R. 364.] . In *Chandrika Sao and Hazari Lal v. State of Bihar* [[1964] 1 S.C.J. 116 at 119 : 14 S.T.C. 399.] it was pointed out:

“In our opinion, merely holding books found lying in the premises for perusing them cannot properly be regarded as seizure because seizure implies doing something over and above holding an article in one's hand. According to the *Shorter Oxford Dictionary*, seizure, among other things, means ‘confiscation or forcible taking possession (land or



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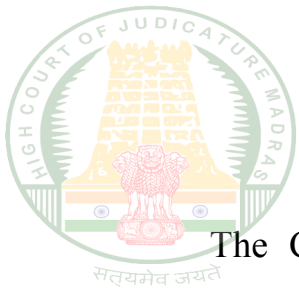
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goods); a sudden and forcible taking hold'. As already stated, Mr. Singh merely picked up the books which were lying in the shop and did not snatch them away from any one nor did he take them by force."

18. A mere power of inspection will not, therefore, take with it a power to seize unlike a search which often, particularly, as seen from the provisions of the Code of Criminal Procedure, includes a power of seizure. But we think a power of seizure need not necessarily imply a power of search, for, there may be seizure on production or on inspection.

Section 67(1) deals with inspection. Section 67(2) deals with search and seizure. The proper officer cannot invoke these powers arbitrarily. He must have reasons to believe that the circumstances set out in the respective provisions exists. This is a condition precedent. While other statutes speak of "reason to believe", Section 67 employs the same expression in plural. This may not make any difference because words importing the singular number include the plural number, and words importing plural number include the singular number (Section 2(22) of BNS, 2023). The expression "reason to believe" has been defined in Section 2(29) of BNS, 2023 as follows:-

" A person is said to have "reason to believe" a thing, if he has sufficient cause to believe that thing but not otherwise;"



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The Constitution Bench of the Hon'ble Supreme Court in *Calcutta*

Discount Co. Ltd., Vs. Income Tax Officer ((1961) 41 ITR 191 (SC)) in

the context of Section 34 of the Income Tax Act, 1922 held that the expression "reason to believe" postulates belief and the existence of reasons for that belief. The belief must be held in good faith: it cannot be merely a pretence. The expression does not mean a purely subjective satisfaction of the authority. Reasons must exist on record. It cannot be a matter of belief in the mind of the officer. It cannot be based on mere suspicion. It must be founded upon information. The existence of the belief and the reasons for the belief, but not the sufficiency of the reasons, will be justiciable. In *Aslam Mohamed Merchant Vs. Competent Authority ((2008) 14 SCC 186)* it was observed that whenever a statute provides for "reasons to believe", either the reasons should appear on the face of the notice or they must be available on the materials which had been placed before the authority. In *Income Tax Officer Vs. Lakhmani Mewal Das ((1976) 103 ITR 437 (SC))* it was held that the reasons for the formation of the belief must have a rational connection with or relevant bearing on the formation of the belief. Rational connection postulates that there must be a direct nexus or live link between the material coming to the notice of the authority and the formation of his belief as to the existence of the circumstances set out in the Section. Thus, Section 67 contains an inherent



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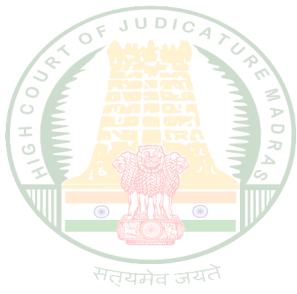
safeguard to ensure that the power of inspection / search and seizure is not arbitrarily exercised.

7. While the proper officer can authorise any other officer of Central Tax to carry out inspection, the power to search and seize may be carried out by an authorised officer or by himself. The search can be conducted either pursuant to an inspection carried out under sub-Section 1 of Section 67 or otherwise. In view of the use of the word “otherwise”, one can conclude that search need not follow inspection. It can be resorted to straightaway also. While sub-Section 1 of Section 67 lists out many circumstances, sub-Section 2 provides for search only if the goods liable to confiscation or documents or books or things useful for or relevant to any proceedings under the Act or secreted in any place. The purpose of the search is to seize the secreted items, if necessary.

8. The authorisation for search issued under Section 67(2) of the Act reads as follows:-

“Therefore -

In exercise of the powers conferred upon me under sub-section (2) of section 67 of the Act, I authorize and require you to search the above premises with such assistance as may be necessary, and if any goods or documents and/or



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other things relevant to the proceedings under the Act are found, to seize and produce the same forthwith before me for further action under the Act and rules made thereunder.

Any attempt on the part of the person to mislead, tamper with the evidence, refusal to answer the questions relevant to inspection / search operations, making of false statement or providing false evidence is punishable with imprisonment and /or fine under the Act read with section 179, 181, 191 and 418 of the Indian Penal Code.”

From a bare look at the above, one cannot come to any definite conclusion. It is said to have been issued under Section 67(2). Therefore, it can only be a search warrant. But, at the foot of the communication, it is described as an inspection warrant. The warrant talks about goods liable to confiscation / documents relevant to the proceedings under the Act are secreted in the business / residential premises. The second paragraph lists out all the circumstances envisaged in Section 67(1) pertaining to inspection. Thus, the authority does not appear to be clear. The model Form GST INS-1 is a composite form. While issuing the inspection warrant or search warrant as the case may be, the authority must do some editing work. That alone would indicate some if not full application of mind. It cannot be a volley of fire hoping atleast one bullet will hit the mark. On the other hand, it has to be more like a laser beam. In the case on hand, the authority is not clear as to whether goods have



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been secreted or if documents have been stashed away. He does not know

whether they are in the business premises or the assessee's residence.

Mechanical repetition of the statutory language defeats the very purpose of incorporating safeguards in the statutes.

9. Though any move of the authority is open to judicial review, Courts would be reluctant to undertake the exercise once the act is done. In other words, if an illegal search conducted by the authority leads to discovery of tax evasion, the Court will not restrain the authority from proceeding further merely because, the conditions precedent for undertaking a search were absent.

10. Lord Acton long ago commented that power tends to corrupt, and absolute power corrupts absolutely. That is why, in any liberal democracy, absolute power is never conferred on a bureaucrat. Section 67 embodies that principle and is hedged with safeguards. It has to be read with Rule 142 of the CGST Rules. To supplement them, the Central Board of Indirect Tax and Customs issued Circular No.122/41/2019-GST, dated 05.11.2019 whereby the system of generating “Document Identification Number (DIN)” was put in place. Paragraph No.1 of the



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said circular brings out on record the reasons for introducing such a system. It reads as follows:-

“In keeping with the Government's objectives of transparency and accountability in indirect tax administration through widespread use of information technology, the CBIC is implementing a system for electronic (digital) generation of a Document Identification Number (DIN) for all communications sent by its offices to taxpayers and other concerned persons. To begin with, the DIN would be used for search authorization, summons, arrest memo, inspection notices and letters issued in the course of any enquiry. This measure would create a digital directory for maintaining a proper audit trail of such communication. Importantly, it would provide the recipients of such communication a digital facility to ascertain their genuineness. Subsequently, the DIN would be extended to other communications. Also, there is a plan to have the communication itself bearing the DIN generated from the system.”

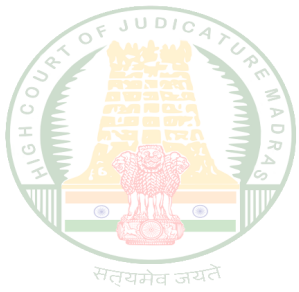
11.The circular issued under Section 168(1) of the CGST Act, 2017 r/w. Section 37B of the Central Excise Act, 1944 directs that no search authorization, summons, arrest memo, inspection notices and letters issued in the course of any enquiry shall be issued by any officer under the Board without a computer-generated Document Identification Number (DIN) which should be quoted prominently in the body of such communication. The digital platform for generation of DIN is hosted on the Directorate of Data Management online Portal (cbicddm.gov.in). The circular makes generation of DIN a mandatory requirement. However, it



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also stipulates that in exceptional circumstances, communication may be issued without an auto generated DIN. But before following back on the inspection, one must record reasons in writing in the concerned file. The communication should also expressly state that it has been issued without a DIN. Two contingencies have been envisaged in the circular. They are (i) when there are technical difficulties in generating the electronic DIN or (ii) there is an acute urgency and the authorized officer is outside the office in the discharge of his official duties. If the specified communication does not bear the electronically generated DIN and is also not covered by the exceptions, it shall be treated as void. Even if the case falls within the exception, it should be regularized by generating DIN within 15 days of its issuance. Ratification must be obtained from the superior officer for having issued the communication without DIN. After such approval is obtained, the DIN must be electronically generated. After printing the electronically generated pro-forma bearing the DIN, it has to be filed in the concerned file. In order to ensure transparency, recipients/members of general public are enabled to verify the genuineness of the communication by entering the CBIC- DIN. Yet another circular No. 122/41/2019-GST dated 23.12.2019 was issued on the same lines.

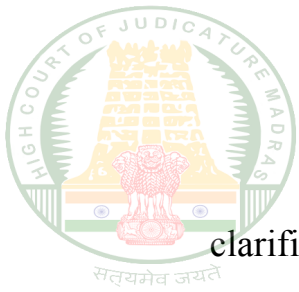


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12.The Hon'ble Supreme Court in the decision reported in **(2023) 1 SCC 566 (Pradeep Goyal Vs. Union of India)** gave directions for implementation of the system of electronic (digital) generation of DIN in the indirect tax administration. When the search was conducted on an assessee, but warrant did not contain “DIN”, the Hon'ble High Court of Andhra Pradesh High Court in **Novelty Reddy and Reddy Motors Private Limited v. Assistant Commissioner reported in 2025 (7) TMI 1922** set aside the assessment order itself on the ground that it did not bear DIN. Display of DIN in the search warrant was held to be mandatory and it was emphasized that DIN should be mentioned not only in the warrant, but also in the subsequent proceedings. This order has however been stayed by the Hon'ble Supreme Court on 13.05.2025 in **SLP(C)No.28105 of 2025**.

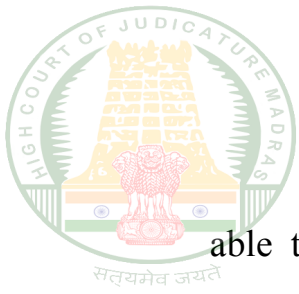
13.Any circular issued by CBIC is binding on the department (vide **K.P. Varghese v. ITO, (1981) 4 SCC 173**). Display of DIN in the communication is mandatory. If it could not be displayed for the reasons set out in the circular dated 05.11.2019, those reasons should be mentioned in the communication itself. This omission should be made good by generation of DIN within 15 days thereafter. The circular itself



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clarifies that the authority must record the reasons for not being able to display DIN in the communication. The technical difficulty in generating DIN could be a reason. In the present case also, the stand taken by the authorities is that due to technical glitches, DIN could not be generated. This is a convenient fig leaf. Parrot-like repetition of the phrase contained in the circular will not immunize the act of the authority from judicial review. What was the technical difficulty experienced by the official concerned must be set out in the file contemporaneously. The attempt made to generate DIN must be described. If the official concerned could not be successful for technical reasons, he must correspondingly send a mail to his immediate superior recording the fact that his attempt to generate DIN was in vain. Absent such contemporaneous communication to the immediate superior, the Court will be reluctant to take the stand of the department at its face value.

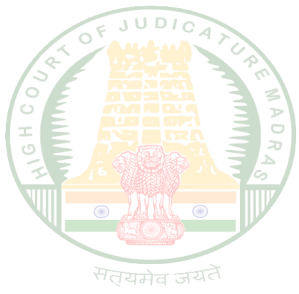
14. Harishchandras and Yudhishtiras have become an extinct species. The veracity of any claim should be open to verification. Axioms alone can defy the demands for proof. No stand of an official can be taken as an axiom. It is his burden to show that he is entitled to invoke the exceptions set out in the circular. If the official concerned is



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able to successfully invoke the exception, that is not the end of the matter. He must generate DIN within 15 days from the date of issue. In the case on hand, the officials did so on 25.08.2023 and this was also filed. They contended that this amounts to sufficient compliance of the requirements set out in the circular. Admittedly, the DIN details were not shared with the assessee/petitioner. Are they bound to do is the next question that calls for consideration. My answer is in the affirmative. The very purpose of introducing DIN was to ensure transparency. This object is frustrated by not sharing the DIN with the noticee. If the noticee wants to verify the genuineness of the document, he can do so only after entering DIN in the portal. By denying the details relating to DIN, the noticee is disabled from verifying its validity.

15.The circular may not expressly require the department to furnish the subsequently generated DIN post-inspection. But on an overall reading of the circular, one can safely come to the conclusion that without DIN, the noticee cannot take any step for verifying the genuineness of the communication.

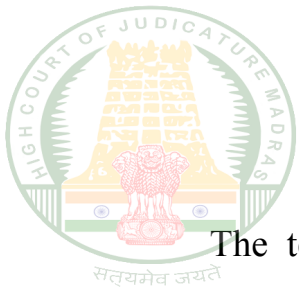


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16. During the pendency of the present writ proceedings, the department had come out with yet another circular bearing Circular No. 249/06/2025-GST, dated 09.06.2025 modifying the earlier circular and holding that when verifiable Reference Number (RFN) is generated in a document uploaded on the common portal in compliance with Section 169 of the CGST Act, there is no need to quote DIN. It was further clarified that the communication bearing RFN will be treated as a valid communication. The department modified this circular vide Circular bearing No. 23/2025 -Customs, dated 23.09.2025 by holding that Document Identification Number generated through DIN utility shall continue to be mandatorily quoted on all other communications which have not been dispatched using public option in CBIC's e-Office application. Be that as it may, these two circulars have no bearing on the present proceedings.

17. At the foot of the impugned authorization letter 15.08.2023 issued under Section 67(2) of the Act, the following endorsement was made:-

“Due to technical difficulties in generating the DIN number, the Inspection warrant is issued without DIN number. However the same will be generated later”



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The technical difficulty experienced in generating DIN has not been recorded in any file. There is no contemporaneous proof to show that the authorizing officer had such technical difficulties. Be that as it may, the DIN generated on 25.08.2023 was also not shared with the assessee. It is not for the department to claim that post-intimation of DIN to the petitioner would not serve any purpose. When a safeguard has been put in place to check arbitrariness, it is the duty of the officials concerned to strictly adhere to the same.

18. I am unable to invalidate the search held on 16.08.2023 and its outcome in view of the conduct of the petitioner. The petitioner had filed W.P.(MD)No.23502 of 2023 and vide order dated 26.09.2023 obtained release of the goods by claiming that the tax liability has already been discharged in view of the payment of Rs.32,62,640/-. The prayer in the said writ petition was for quashing the seizure order. The learned Judge vide order dated 26.09.2023 directed return of the goods since the petitioner had paid the applicable tax. The seizure was not set aside. Inspection and search are stages anterior to seizure. When seizure itself has been implicitly upheld, one cannot nullify the search that preceded seizure. It is too late in the day to assail the validity of the inspection

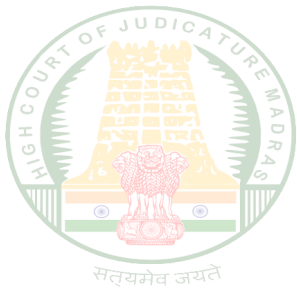


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itself. In my considered view, even while seeking provisional release, the legality of the search should also have been questioned. The legality of the inspection / search cannot be challenged after obtaining relief of provisional release of goods.

19.The next question that calls for consideration is whether the authorities were justified in making the petitioner cough up a sum of Rs. 32,62,640/- during the course of the inspection.

20.According to the authorities, this payment was voluntarily made by the petitioner. The petitioner contended that it was done under coercion. In such matters, a commonsensical approach has to be adopted. Section 67(6) of the Act provides that the goods so seized shall be released on a provisional basis upon execution of a bond and furnishing security or on payment of applicable tax, interest and penalty. Since conflicting versions are possible, the Hon'ble Division Bench of the Gujarat High Court in the judgment authored by Hon'ble Mr.Justice J.B.Pardiwala (as His Lordship then was) in *M/s.Bhumi Associates Vs. Union of India* reported in **2021 (2) TMI 701** issued the following directions:-



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"The Central Board of Indirect Taxes and Customs as well as the Chief Commissioner of Central/ State Tax of the State of Gujarat are hereby directed to issue the following guidelines by way of suitable circular/instructions:

(1) No recovery in any mode by cheque, cash, e-payment or adjustment of input tax credit should be made at the time of search/inspection proceedings under Section 67 of the Central/Gujarat Goods and Services Tax Act, 2017 under any circumstances.

(2) Even if the assessee comes forward to make voluntary payment by filing Form DRC03, the assessee should be asked/ advised to file such Form DRC03 on the next day after the end of search proceedings and after the officers of the visiting team have left the premises of the assessee.

(3) Facility of filing complaint/ grievance after the end of search proceedings should be made available to the assessee if the assessee was forced to make payment in any mode during the pendency of the search proceedings.

(4) If complaint/ grievance is filed by assessee and officer is found to have acted in defiance of the aforestated directions, then strict disciplinary action should be initiated against the concerned officer."



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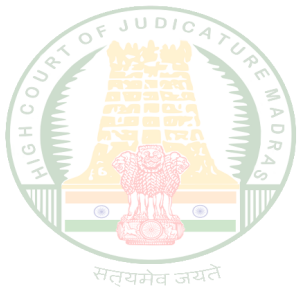
Following the said directions, CBIC issued Instruction No. 01/2022-23

WEB CO [GST – Investigation] on 25.05.2025. It reads as follows:-

“Subject: Deposit of tax during the course of search, inspection or investigation - reg.

During the course of search, inspection or investigation, sometimes the taxpayers opt for deposit of their partial or full GST liability arising out of the issue pointed out by the department during the course of such search, inspection or investigation by furnishing DRC-03. Instances have been noticed where some of the taxpayers after voluntarily depositing GST liability through DRC-03 have alleged use of force and coercion by the officers for making 'recovery' during the course of search or inspection or investigation. Some of the taxpayers have also approached Hon'ble High Courts in this regard.

2. The matter has been examined. Board has felt the necessity to clarify the legal position of voluntary payment of taxes for ensuring correct application of law and to protect the interest of the taxpayers. It is observed that under CGST Act, 2017 a taxpayer has an option to deposit the tax voluntarily by way of submitting DRC-03 on GST portal. Such voluntary payments are initiated only by the taxpayer by logging into the GST portal using its login id and password. Voluntary payment of tax before issuance of show cause notice is permissible in terms of provisions of Section



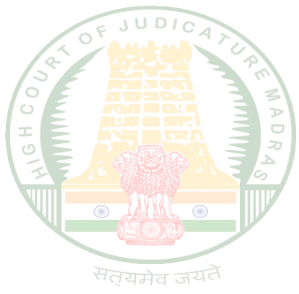
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73(5) and Section 74 (5) of the CGST Act, 2017. This helps the taxpayers in discharging their admitted liability, self-ascertained or as ascertained by the tax officer, without having to bear the burden of interest under Section 50 of CGST Act, 2017 for delayed payment of tax and may also save him from higher penalty imposable on him subsequent to issuance of show cause notice under Section 73 or Section 74, as the case may be.

3. It is further observed that recovery of taxes not paid or short paid, can be made under the provisions of Section 79 of CGST Act, 2017 only after following due legal process of issuance of notice and subsequent confirmation of demand by issuance of adjudication order. No recovery can be made unless the amount becomes payable in pursuance of an order passed by the adjudicating authority or otherwise becomes payable under the provisions of CGST Act and rules made therein. Therefore, there may not arise any situation where "recovery" of the tax dues has to be made by the tax officer from the taxpayer during the course of search, inspection or investigation, on account of any issue detected during such proceedings. However, the law does not bar the taxpayer from voluntarily making payment of any tax liability ascertained by him or the tax officer in respect of such issues, either during the course of such proceedings or subsequently.



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4. Therefore, it is clarified that there may not be any circumstance necessitating 'recovery' of tax dues during the course of search or inspection or investigation proceedings. However, there is also no bar on the taxpayers for voluntarily making the payments on the basis of ascertainment of their liability on non-payment/ short payment of taxes before or at any stage of such proceedings. The tax officer should however, inform the taxpayers regarding the provisions of voluntary tax payments through DRC-03.

5. Pr. Chief Commissioners/ Chief Commissioners, CGST Zones and Pr. Director General, DGGI are advised that in case, any complaint is received from a taxpayer regarding use of force or coercion by any of their officers for getting the amount deposited during search or inspection or investigation, the same may be enquired at the earliest and in case of any wrongdoing on the part of any tax officer, strict disciplinary action as per law may be taken against the defaulting officers.”

21.The Hon'ble Division Bench of Delhi High Court in the decision reported in **2022 SCC OnLine Del 4508 (M/S.Vallabh Textiles vs Senior Intelligence Officer And Ors.)** remarked that while the aforesaid instructions are in line with the wholesome directions given in **M/s.Bhumi Associates**, it falls short in as much as it side-steps direction

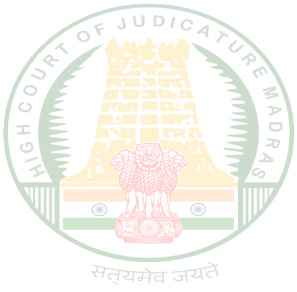


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No.2 contained in *M/s.Bhumi Associates* which states that even if the assessee comes forward to make voluntary payment in the prescribed form ie., DRC-03, he / she should be advised to file the same the day after the search had ended and the concerned officials had left the assessee's premises. It also took note of the omission of the direction in *Bhumi* pertaining to the various modes of collection adopted in such circumstances, for example via., cheque, cash, e-payment or even via., adjustment of input tax credit.

22.After extracting Paragraph Nos.3 and 4 of the above circular verbatim, the Hon'ble Supreme Court in the decision reported in **(2025) 6 SCC 545 (Radhika Agarwal Vs. Union of India)** in Paragraph No.67 held as follows:-

“67. Analysing the aforesaid data indicates that the number of people arrested is normally in hundreds or more.⁵² However, it is to be noted that the figures with regard to the tax demand and the tax collected would, in fact, indicate some force in the petitioners' submission that the assesseees are compelled to pay tax as a condition for not being arrested. Sub-section (5) to Section 74 of the GST Acts gives an option to the assessee and does not confer any right on the tax authorities to compel or extract tax by threatening



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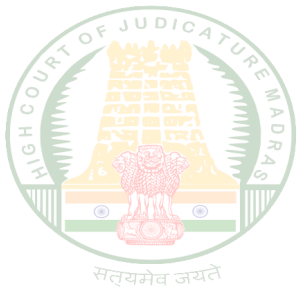
arrest. This would be unacceptable and violative of the rule of law.”

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The Hon'ble Supreme Court called upon the revenue to submit data with regard to the arrest made for recovery of tax. After analyzing the data, the Hon'ble Supreme Court noted that the number of people arrested is normally in hundreds or more. The Court went on to remark that there is some force in the petitioner's submission that the assesseees are compelled to pay as a condition for not being arrested. Sub-Section 5 to Section 74 of the CGST Act gives an option to the assessee and does not confer any right on the tax authority to compel or extract tax threatening arrest. That would be unacceptable and violation of the rule of law. The Hon'ble Supreme Court further observed that in case tax is collected under threat, force or coercion, the assessee is entitled to move the Court for refund of tax deposited by them.

23.*M/S.Vallabh Textiles* also held that the directions given by the Gujarat High Court are binding on the revenue and violation of the safeguards put in place by the statute or the Court would render the collection of any amount towards tax, interest and penalty as one without the authority of law. The Delhi High Court rejected the claim of the department that the deposit of tax, interest and penalty was voluntary.

Paragraph No.41 of *M/S.Vallabh Textiles* reads as follows:-



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“41. The reason that the officers of the official respondents/revenue have been asked, perhaps, to have the amounts deposited the day after the search is concluded, is, to also give space to the concerned person to seek legal advice, and only thereafter deposit tax, interest and penalty, wherever applicable, upon a proper self-ascertainment.

41.1 Undoubtedly, in this case, no such elbowroom was made available.”

24. Since the Court came to the conclusion that the deposit of the amount lacks an element of voluntariness, the revenue was directed to refund the same with interest. *M/s. Vallabh Textiles* was followed by the Hon'ble Calcutta High Court in *ATR Malleable Casting (P) Ltd. v. Inspector of Central Taxes*, reported in (2024) 130 GSTR 127. A learned Judge of this Court had also followed the decision of *M/s. Bhumi Associates* in the decision rendered in *Shri Nandhi Dhall Mills India (P.) Ltd vs SIO, DRI, Service tax (2021 4 TMI 363)*.

25. In the case on hand, admittedly, the authorization was issued only on 15.08.2023 by the Joint Commissioner to Assistant Commissioner. The search was conducted on 16.08.2023. An excess



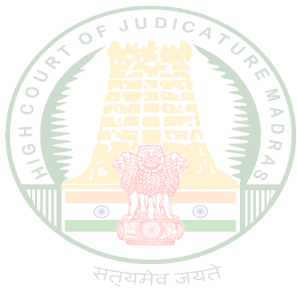
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stock of jewellery and shortage of stock gold bullion was said to have been found. The revenue claims that thereupon, the petitioner voluntarily paid an amount of Rs.13,37,888/- on 16.08.2023 and Rs.19,24,752/- on the next day.

26.The direction issued in *M/s.Bhumi Associates* is that the assessee must be advised to make payment towards liability after the search is concluded.

27. Chapter 15 of CGST Act, 2017 deals with demands and recovery. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts would fall under Section 73 of the Act. If it was by reasons of fraud or any willful-misstatement or suppression of facts, it would fall under Section 74 of the Act. Section 75 contains general provisions leading to determination of tax.

28. According to the department, the case on hand falls under Section 74 of the Act. Section 74 of the Act reads as follows:-



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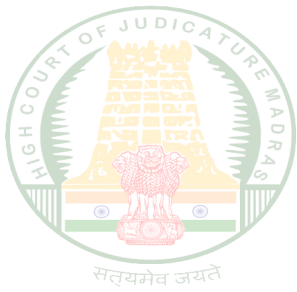
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“74. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any willful misstatement or suppression of facts.—

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice.

(2) The proper officer shall issue the notice under sub-section (1) at least six months prior to the time limit specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.



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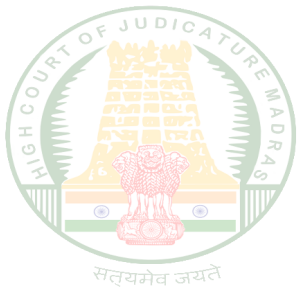
(4) The service of statement under sub-section (3) shall be deemed to be service of notice under sub-section (1) of section 73, subject to the condition that the grounds relied upon in the said statement, except the ground of fraud, or any wilful-misstatement or suppression of facts to evade tax, for periods other than those covered under subsection (1) are the same as are mentioned in the earlier notice.

(5) The person chargeable with tax may, before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.

(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

(8) Where any person chargeable with tax under sub-section (1) pays the said tax along with interest



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payable under section 50 and a penalty equivalent to twenty-five per cent. of such tax within thirty days of issue of the notice, all proceedings in respect of the said notice shall be deemed to be concluded.

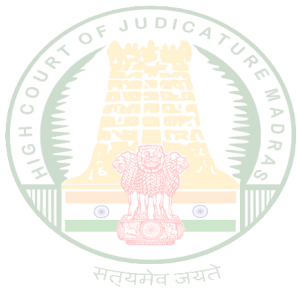
(9) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.

(10) The proper officer shall issue the order under sub-section (9) within a period of five years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund.

(11) Where any person served with an order issued under sub-section (9) pays the tax along with interest payable thereon under section 50 and a penalty equivalent to fifty per cent. of such tax within thirty days of communication of the order, all proceedings in respect of the said notice shall be deemed to be concluded.

Explanation 1.—For the purposes of section 73 and this section,— (i) the expression -all proceedings in respect of the said notice? shall not include proceedings under section 132;

(ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main



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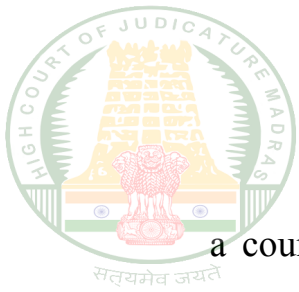


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person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under sections 122, 125, 129 and 130 are deemed to be concluded.

Explanation 2.--For the purposes of this Act, the expression -suppression? shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.”

29.The department came to know that there has been non-payment of tax on part of the petitioner only during search of the premises under Section 67 of the Act. Once it appears to the proper officer that there has been non-payment or short payment, he shall serve notice on the person chargeable with tax. In other words, service of show cause notice has to follow, once such an impression of default has been formed by the proper officer. But the assessee is given a window period. There will necessarily be a time gap between such formation of opinion and the actual service of notice. This window period can be made use of by the assessee by offering to make the payment on the basis of his own ascertainment of such tax. Sub-Section 5 of Section 74 provides for such



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a course of action. A careful reading of Sub-Section 5 of Section 74

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leads one to the conclusion that the basis of the voluntary payment would be the assessee's own ascertainment of such tax or the tax as ascertained by the proper officer. The assessee also has to inform the proper officer in writing of such payment.

30. In order to ensure that there is no element of coercion in the entire process, the Gujarat High Court had introduced certain safeguards. With utmost respect, let me add one more. GST provides for self-assessment. Section 39 of the Act deals with furnishing of such self-assessment returns. I do not see much of a difference between assessment and ascertainment. To ensure that the payment made as an immediate fall-out of inspection/search is voluntary, the assessee will have to inform the authority that he has made self-ascertainment. It should be akin to a self-assessment return under Section 39 of the Act. This should be done before making payment under Section 74(5) of the Act. Sub-Section 5 talks about informing the proper officer in writing of such payment. Rule 142(2) of the CGST Rules provide that the assessee shall inform the proper officer of payment in Form GST DRC -03 and the proper officer shall issue an acknowledgement, accepting the payment



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made by the person in Form GST DRC 4. Mere furnishing of challan is not sufficient because it does not disclose whether the payment was made towards satisfaction of the particular tax liability in question. Mere description of the payment as voluntary is insufficient. The basis of ascertainment must be brought out in the own language and words of the assessee. Once such a statement is made, the assessee cannot resile from the stand so taken.

31. When no tax shall be collected except without the authority of law (Article 265 of the Constitution of India), any amount collected towards tax or interest or penalty without the authority of law is liable to be refunded. Tax is determined and collected or recovered only by following a statutorily prescribed procedure. If tax has escaped such assessment and such escapement is subsequently discovered, before the authority issues show cause notice, the assessee can make the payment. But such payment has to be voluntary and not under coercion. During inspections and searches, such escapement might be noticed and consequences may have to follow. The assessee may therefore seek to buy peace by making the payment. Or alternatively, the officials might bring pressure on the assessee forcing him to make the payment. It is

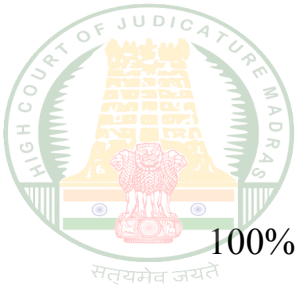


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well settled that the revenue does not have the power to recover tax at this stage. Thus, the whole issue will boil down to the voluntariness of the payment. To test the said element, **Bhumi Associates** has laid down a set of directions. A further gloss has been added in Paragraph No.30 above by stipulating that self ascertainment of liability in writing must precede such payment. That apart, the officials are obliged to inform the assessee that the seized goods can be taken back on provisional basis by executing a bond and furnishing security. There must be material on record to show that the assessee was appraised of such a statutory right. Payment should be preceded by passing of such an information from the revenue to the assessee. It is for the assessee to make a conscious choice thereafter. He can take back the goods by executing a bond and furnishing a security or he can make payment. I hold that any payment not made in the manner laid down herein would be treated as involuntary and the assessee can seek refund of the same.

32. Section 74(5) of the Act talks about paying penalty equivalent to 15% of the tax. But in the case on hand, GST DRC-03 indicates that 100% penalty was paid. This itself runs counter to the statute. The petitioner has however not taken such a plea before me that he had paid

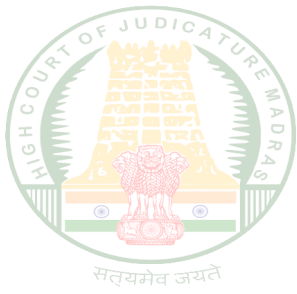


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100% penalty. If the payment is made under Section 74(5) of the Act, the penalty cannot be 100%. It can only be 15%. Since the petitioner has been taking consistent stand that he had not voluntarily made any payment, he has not probably gone into the quantum of penalty remitted by him.

33. I am more than satisfied that search conducted by the respondents was not in tune with the statutory procedure. The payment made by the petitioner was also not voluntary. The department, on the strength of an illegal warrant, descended on the petitioner's premises and seized jewelry and gold bullion. The official informed the petitioner that he has to pay Rs.32,62,640/- towards tax and penalty. The petitioner was made to make the payment. In the light of what has been laid down above, the petitioner is entitled to seek refund. But I am unable to straight away grant the said relief for only one reason.

34. The petitioner had earlier filed W.P.(MD)No.23502 of 2023 challenging the seizure order dated 16.08.2023 and seeking release of the goods. The writ petition was allowed on 26.09.2023 in the following terms:-



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W.P(MD)No.9040 of 2024

“2. The respondents have seized the goods since it is excess stock available with the petitioner. The petitioner had already paid the tax and penalty. However, the respondents are not releasing the goods. Under Section 67 (6) the respondents are having power to release the goods on certain conditions. The said provision is extracted hereunder:

“(6) The goods so seized under sub-section (2) shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.”

3.The respondents are empowered to demand to pay tax, interest and penalty or they can direct the petitioner to execute a bond or furnish security. In the present case, since the petitioner has paid the applicable tax and penalty. Therefore, the petitioner is entitled to be considered under section 67. Since the petitioner had paid the entire tax portion and the penalty, then it is not necessary to execute the bond or security. Therefore, the respondents are directed to release the goods within a period of two days from the date of receipt of a copy of this order.”

35. The writ petitioner having availed the benefit of the order made



W.P(MD)No.9040 of 2024

in W.P.(MD)No.23502 of 2023, may not be justified in demanding refund

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of the said tax. Any litigant has to play fair in the Court. Admittedly, the goods belonging to the petitioner were seized. He had secured the return of the goods by pleading before this Court that the entire tax had been paid. The prayer in W.P.(MD)No.23502 of 2023 was in two parts. It questioned the legality of seizure. It sought return of the goods. The relief of return alone was granted. The seizure order was not set aside. What the petitioner failed to achieve in W.P.(MD)No.23502 of 2023 cannot be indirectly achieved in these proceedings by nullifying the authorization order dated 15.08.2023.

36.I can understand the petitioner's situation. They are engaged not only in the business of sale but also manufacture. They probably had the goods that had been entrusted to them by others. They could not afford to engage in a long drawn battle with the department. Probably, that was why, they coughed up the money that was demanded from them orally. But their relief was short-lived. They continue to be vexed with summons again and again by the department. The department nowhere stated that by paying a sum of Rs.32,62,640/-, all their miseries would come to an end. On the other hand, it is taking a stand that further



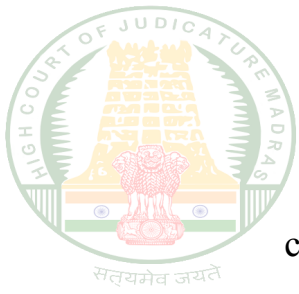
W.P(MD)No.9040 of 2024

investigation revealed that there has been tax evasion to the tune of more than Rs.5 Crores. Probably, that is why, several writ petitions came to be filed by the petitioner.

37.The writ petitioner who comes to the Court must come with clean hands. But I will judge the department also on the same scale. If the department had committed patent illegality, they cannot be allowed to get away. The principle that the petitioner cannot succeed by picking holes in the respondent's defence has a converse. The department too cannot be allowed to succeed by solely taking advantage of the conduct of the assessee / petitioner. The bar that the Court will set for the department will be higher than the one meant for the tax payer.

38.The principles enunciated above can be summarised as hereunder:

- a) The power to inspect is distinct from the power to conduct search and the power to effect seizure. Authorization in form GST INS-1 must specifically bear out the nature of the power conferred. That is to say, authorisation to inspect by itself would not include the power to search and effect seizure.
- b) The officer authorised in this behalf must act strictly in accordance within the limits of the power so conferred and



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cannot traverse beyond.

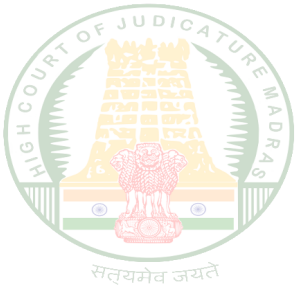
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c) The Proper officer cannot invoke the powers conferred under Section 67(1) and Section 67(2) arbitrarily. He must have “reasons to believe” that the circumstances set out in the respective provisions exist. Court can scrutinise in exercise of the power of judicial review if those circumstances exist.

d) Display of the DIN in the communication/summon/notice is mandatory. If it could not be displayed for the reasons set out in the circular dated 05.11.2019, they must be expressly mentioned in the communication itself. If failure to generate is on account of technical reasons, the nature of the difficulty must be recorded by the official in the file contemporaneously. The official experiencing technical difficulties must correspondingly send a mail to his immediate superior recording that his attempts to generate were in vain. The burden is on him to show that he is entitled to invoke the exception set out in the circular.

e) The omission to generate DIN at the first instance must be made good by generating it within 15 days. Once it is generated, it should be shared with the noticee.

f) If during search, goods are seized, the official is obliged to inform the person searched in writing that he is entitled to obtain provisional release of the seized goods by executing bond and furnishing security.



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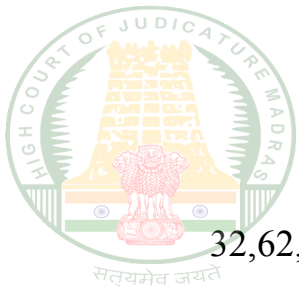
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g) Payment made under Section 74(5) of the CGST Act must be in accordance with the directions set out in ***Bhumi Associates***. Such payment should follow self-ascertainment of one's liability in writing which should be communicated to the proper officer. This payment should be duly acknowledged in Form GST DRC-4.

h) Payment not in consonance with the procedure delineated above will not be treated as voluntary and the assessee can seek refund by filing writ petition.

Adherence to the aforesaid approach would ensure that the powers conferred under Section 67 of the Act are not abused or misused.

38. Coming to the case on hand, I am satisfied that the search was itself not above board. The search warrant itself is a jumbled up piece. It meant everything to every one. A departmental communication cannot be like a one stop shop. It has to be specific and categorical. The impugned inspection warrant dated 15.08.2023 did not contain DIN. The reason for not being able to generate DIN does not appear to be in the file because no such record was produced before me. The authorities did not share the DIN which is claimed to have been subsequently generated. More than anything else, it is too obvious that the payment of Rs.



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32,62,640/- was not voluntary. In any event, the assessee could not have

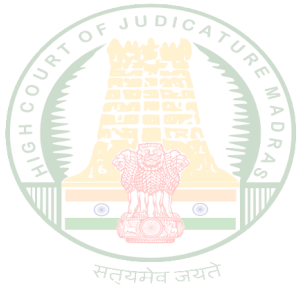
WEB COPY been made to pay 100% penalty.

39. When the entire facts have come to light and it is a case of pot calling the kettle black, Court would be justified in striking a balance. If the petitioner is shown the door by citing his conduct, it may lead to unjust enrichment of the other side. I, therefore, dispose of the writ petition in the following terms:-

a) The respondents are directed to initiate fresh assessment proceedings with regard to the subject matter of the writ petition alone. The period from 15.08.2023, till the date of receipt of certified copy of this order shall be excluded for the purpose of limitation.

b) The petitioner will be issued with notice and proper enquiry shall also be held by adhering to the time lines provided in the statute.

c) Whether the amount in question should be refunded to the petitioner or not will abide by the outcome of such assessment proceedings.



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40.This writ petition is disposed of accordingly. No costs.

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05.08.2026

NCC : Yes / No
Index : Yes / No
Internet : Yes/ No

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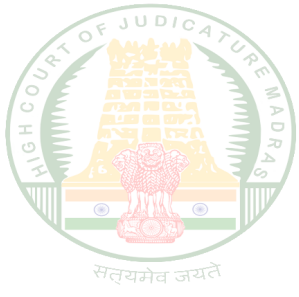
- 1.The Principle Chief Commissioner of GST &
Central Excise Tamil Nadu & Puducherry,
No.26/1, Mahatma Gandhi Road,
Nungambakkam,
Chennai – 600 034.
- 2.The Commissioner of GST & Central Excise,
Madurai Commissionerate,
Central Revenue Buildings,
No.4, Lal Bahadur Sastri Road,
Bibikulam, Madurai – 625 002.
- 3.The Joint Commissioner,
Office of the Central GST & Excise,
Tirunelveli Division,
2nd Floor, Central Revenue Building,
Tractor Road, NGO “A” Colony,
Tirunelveli – 627 007.
- 4.The Superintendent,
Office of the Central GST & Excise,
Tirunelveli Division,
2nd Floor, Central Revenue Building,
Tractor Road, NGO “A” Colony,
Tirunelveli – 627 007.



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5.The Inspector,
Office of the Central GST & Excise,
Tirunelveli Division,
2nd Floor, Central Revenue Building,
Tractor Road, NGO “A” Colony,
Tirunelveli – 627 007.



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G.R.SWAMINATHAN, J.

IAS / PMU

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05.08.2026

