

HC: Madras HC Sets Aside GST Order Due to Consultant's Error – Fresh Hearing Allowed

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REFER THE DECISION OF THE HON'BLE MADRAS HIGH COURT IN THE CASE OF

Chandrasekaran (Proprietor, Subha Earth Movers) vs. Assistant Commissioner (ST), Kodumudi Assessment Circle & Anr. W.P.No.30638 of 2025

Chandrasekaran, the proprietor of **Subha Earth Movers** in Erode, found himself in deep trouble when the GST department passed an adverse order against him for the financial year 2019–20. The issue began when the department issued a **show cause notice** in May 2024. Unfortunately, instead of addressing the real issue, his consultant — who was not fully qualified — filed an **irrelevant reply** in July 2024. Relying on that reply, the Assistant Commissioner passed an **order on 21st August 2024** confirming the demand.

Things got worse when Chandrasekaran's **bank account was frozen**. His business operations came to a halt, and around half a dozen workers lost their livelihood. Realizing that the mistake was caused by poor advice, he approached the High Court of Madras, requesting the order to be quashed and his account to be released. He also offered to deposit **25% of the disputed tax** as a gesture of good faith.

The Court, presided over by Justice **Krishnan Ramasamy**, noted that this was not an isolated case. Many taxpayers suffer because of **wrong advice by unqualified consultants**. The Court even directed the GST department to issue a **circular advising assessees to engage only qualified consultants**, so that such situations could be avoided in the future.

After considering the hardship faced by the petitioner and the workers, the Court decided to give him another chance. It **set aside the impugned order**, on the condition that Chandrasekaran deposits **25% of the disputed tax within four weeks**. The Court also directed him to file a proper reply within three weeks after the deposit, and instructed the department to grant him a **personal hearing with 14 days' notice** before passing fresh orders.

Finally, since the order itself was struck down, the Court directed that the **bank account must be de-frozen immediately**, allowing the business to resume.

Thus, justice was done not only by giving the petitioner a fair chance but also by highlighting an important systemic issue: the need for qualified tax consultants in GST proceedings.