

HC: No Coercive Action under Section 74 Where Tax with Interest Paid Pre-SCN

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

Ultratech Cement Ltd. vs. Union of India Citation: (2025) 32 Centax 290 (Chhattisgarh)

FACTS:

The Petitioner, Ultratech Cement Ltd., challenged the initiation of proceedings by the revenue authorities under Section 74 of the CGST Act, 2017.

The primary ground of challenge was that the assessee had already paid the tax dues along with applicable interest before the issuance of the Show Cause Notice (SCN).

Despite the payment, the authorities proceeded to invoke Section 74, which deals with determination of tax not paid or short paid due to fraud, willful misstatement, or suppression of facts.

Hon'ble High Court Judgement:

The court took note of the fact that the entire tax liability along with interest had been paid prior to the issuance of the SCN.

It observed that prima facie, the invocation of Section 74 in such circumstances needed examination.

Accordingly, the matter was admitted for further hearing.

Till the next date of hearing, the Court directed that no coercive steps be taken against the assessee.