

HC: Dropping of Scrutiny under Sec. 61 does not Bar Sec. 74 Proceedings in Case of Fraud

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

Amit Agarwal vs. Assistant Commissioner, CGST & CX Citation: (2025) 33 Centax 76 (Cal.)

FACTS:

The assessee's returns were subjected to **scrutiny under Section 61 of the CGST Act, 2017.**

The scrutiny proceedings were **dropped under Section 61(3).**

Subsequently, the Department initiated proceedings under **Section 74**, alleging **fraud and suppression of facts.**

The assessee challenged the **Section 74 notice**, contending that once scrutiny proceedings were dropped, no further proceedings could be initiated on the same issue.

Hon'ble High Court Judgement:

The High Court held that dropping of scrutiny proceedings under **Section 61** does not bar initiation of **Section 74** proceedings.

If fraud, wilful misstatement, or suppression is later detected, the Department is legally empowered to invoke **Section 74.**

Since the Department had made out a specific case of fraud, the writ petition filed by the assessee was dismissed.