

HC: No demand can go beyond the four corners of the show cause notice

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

Gillette India Ltd. v. State Tax Authorities; (2025) 170 taxmann.com 479 (Madras High Court)

Gillette India Ltd. faced a GST adjudication where the show cause notice (SCN) quantified a demand of ₹10.60 crores. However, when the final adjudication order was passed, the demand was shockingly raised to ₹247.32 crores, far exceeding the scope of the SCN.

The assessee challenged the order before the Madras High Court on the ground that:

- The impugned order travelled beyond the SCN, which is impermissible in law.
- An assessee can only be called upon to defend the allegations and quantifications specified in the SCN, not any fresh or inflated demand.

The Court agreed with the assessee and observed that:

- The SCN is the foundation of adjudication; the assessee's Défense is built around it.
- Passing an order for an amount far exceeding the SCN violates principles of natural justice.
- Any demand beyond the SCN is without jurisdiction and cannot be sustained.

Accordingly, the Madras High Court set aside the impugned order and remanded the matter back to the authority for reconsideration strictly within the scope of the SCN.

Key Takeaway

- SCN sets the boundary for adjudication.
- Authorities cannot raise demand beyond SCN in the final order.
- Orders exceeding SCN amounts are jurisdictionally invalid.
- Remedy: Such orders are set aside and remanded.