

HC: Pre-SCN consultation is not an empty formality – it must be meaningful.

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

Jyoti Tar Products Pvt. Ltd. v. State Tax Authorities; (2025) TaxScan (HC) 185 (Calcutta High Court)

Jyoti Tar Products Pvt. Ltd. received a pre-show cause communication from the GST department, indicating proposed tax demand. The assessee filed a detailed pre-SCN reply, placing on record its explanations and supporting documents.

However, without considering this reply, the department went ahead and issued a formal show cause notice (SCN). The assessee challenged the SCN before the Calcutta High Court on the ground that the authority had ignored the pre-SCN reply entirely.

The Court held:

- **The purpose of a pre-SCN consultation is to give the assessee an opportunity to explain the matter and avoid unnecessary litigation.**
- **If a pre-SCN reply is filed, the authority is bound to consider it before deciding to issue an SCN.**
- **Non-consideration of such reply renders the subsequent SCN arbitrary and contrary to natural justice.**

Accordingly, the Calcutta High Court quashed the impugned SCN and directed the authority to reconsider the pre-SCN reply and then decide afresh whether an SCN is warranted.

Key Takeaway

- **Pre-SCN replies must be duly considered before issuing formal notices.**
- **Skipping this step makes the SCN vitiated and invalid.**
- **Reinforces that consultation before litigation is a safeguard under GST.**