

## HC: Matter Remitted Where Wrong Provision (Sec. 74 Instead of Sec. 73) Invoked for Non-Fraud Demand

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

*R. Muruganandam v. State Tax Officer (Inspection – II) – [2025] 180 taxmann.com 465 (Madras)*

### Facts of the Case

The assessee did not dispute the **tax liability** arising for certain tax periods. Tax for earlier periods had already been **paid in full**, and for a subsequent period, the assessee had made **partial payment**. However, the assessee challenged the **invocation of Section 74**, arguing that the proceedings involved *no allegation of fraud, wilful misstatement, or suppression of facts*. Therefore, according to the assessee, the demand should have been initiated under **Section 73**, which deals with non-fraud situations, and not under the extended-period provision of Section 74.

### Judgement

The Madras High Court noted that the core issue raised by the assessee was whether **Section 74 had been wrongly invoked** despite the absence of any allegation suggesting fraud or suppression. **Since the assessee had accepted the tax liability and had already made substantial payments, and because the issue required proper consideration by the authority, the Court found it appropriate to remit the matter for fresh adjudication.**

**// भगवान महावीर का संदेश //**

**"जीवो और जीने दो" — यही हो हमारा संकल्प।**

**🙏 जय जिनेन्द्र 🙏**