

HC – Scrutiny u/s 61 is limited to discrepancies in return only, comparison of “Market price” with actual price in the Invoice is not permitted. ASMT-10 was quashed.

CA Prakash Chandra Jain

P.O. Brajrajnagar

Odisha- 768216

Cell: 94375-41690 / 70087-12242

Email: prakashchjain@yahoo.co.in



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

Sri Ram Stone Works vs State of Jharkhand in W. P. (T) No. 5535 of 2024 decided on 09-May-2025

Key Issues:

Whether scrutiny under section 61 can hinge on comparing the transaction value in returns with an alleged market price difference?

The Hon'ble High Court Observation:

1. On the Validity of Notices:

The Court noted that while tax authorities have the jurisdiction to issue notices for assessment, such actions must be grounded in concrete evidence and adhere to due process.

Issuing notices based solely on market value comparisons, without substantiating evidence of underreporting, was deemed insufficient.

2. On Principles of Natural Justice:

The Court emphasized the necessity for tax authorities to provide taxpayers with a fair opportunity to respond to allegations, ensuring transparency and fairness in proceedings.

The Hon'ble High Court Judgement:

- 1. Conduct a fresh assessment based on concrete evidence, rather than presumptive market valuations.**
- 2. Ensure adherence to principles of natural justice by providing the petitioner with a fair opportunity to present their case.**
- 3. Complete the reassessment within a stipulated timeframe to avoid undue delays.**

Sections 61 of Central Goods and Services Tax Act, 2017