

HC: Rules GST Order Invalid Where Demand Exceeds Show-Cause Notice; Remands Matter Under Section 75(7)

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 ALLAHABAD HIGH COURT

Vibhuti Tyres V/s State of U.P., decided on 7-5-2025

Key Issues:

Can a GST order lawfully demand an amount higher than what was proposed in the show-cause notice?

Hon'ble High Court Judgement:

Where the show-cause notice specifically quantified the proposed demand, comprising tax, interest, and penalty at ₹8,81,080, but the adjudicating authority passed an order raising a significantly higher demand of ₹32,97,336, the High Court held that such action was in direct violation of Section 75(7) of the CGST Act, 2017. The provision mandates that the final order shall not travel beyond the scope of the show-cause notice. The Court emphasized that issuing an order with an enhanced demand without prior intimation or opportunity to respond offends the principles of natural justice. **Consequently, the impugned order was quashed and the matter was remanded back to the adjudicating authority for fresh consideration in accordance with law.**

Section 75 of Central Goods and Services Tax Act, 2017