NEUTRAL CITATION

2026:GUJHC:68568-DB

Reserved On : 19/10/2026
Pronounced On : 28/10/2026

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

R/SPECIAL CIVIL APPLICATION NO.13116 of 2025

FOR APPROVAL AND SIGNATURE:

HONOURABLE MR. JUSTICE A.S. SUPEHIA
and
HONOURABLE MS. JUSTICE VAIBHAVI D. NANAVATI

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Approved for Reporting	Yes	No
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R.J.TECHNOLOGIES
Versus
UNION OF INDIA & ORS.

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Appearance:
MR.UCHIT N SHETH(7336) for the Petitioner(s) No.1
MR.UTKARSH R SHARMA(6157) for the Respondent(s) No.1,2,3,4

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CORAM:**HONOURABLE MR. JUSTICE A.S. SUPEHIA**

and

HONOURABLE MS. JUSTICE VAIBHAVI D. NANAVATI

CAV JUDGMENT

(PER : HONOURABLE MR. JUSTICE A.S. SUPEHIA)

RULE. returnable forthwith. Learned Senior Standing Counsel Mr.Utkarsh Sharma, waives service of Rule on behalf of the respondnets.

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1. The present writ petition has been filed by a partnership firm engaged in the business of supplying electrical transformers, wires and allied products, seeking to quash and set aside the order dated 02.07.2025 and for a consequential direction to grant waiver of interest and penalty by allowing the application filed under Section 128A of the Central Goods and Services Tax Act, 2017 (for short, "the CGST Act").

FACTS OF THE CASE :

2. The petitioner filed its returns under the CGST Act for the Financial Year (F.Y.) 2017-18. Upon subsequently noticing a mismatch in the Input Tax Credit (for short, "ITC") reflected in Form GSTR-3B, prescribed under Rule 61 of the Central Goods and Services Tax Rules, 2017 (for short, "the CGST Rules"), and Form GSTR-2A, prescribed under Rule 60 of the CGST Rules, the petitioner filed Form GST DRC-03 under Rule 142(2) of the CGST Rules on 04.10.2019, and paid an amount of Rs.31,14,653/-, representing the entire ITC balance available as on the date of reversal.

2.1 It is the petitioner's case that, while filing Form GST DRC-03 on 04.10.2019, it inadvertently mentioned F.Y. 2018-19 instead of F.Y. 2017-18, although the reversal of ITC pertained to the mismatch in credit relating to F.Y. 2017-18.

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2.2 On 05.02.2020, the petitioner filed a reconciliation statement in Form GSTR-9C, prescribed under Rule 80(3) of the CGST Rules, recording therein that the unreconciled ITC had been paid through Form GST DRC-03.

2.3 On 05.10.2021, the petitioner made a further payment of Rs.11,39,200/- through Form GST DRC-03 in respect of another discrepancy viz. the mismatch between the amounts declared in Form GSTR-1 and Form GSTR-3B for F.Y. 2017-18. In the said form, the petitioner correctly mentioned the relevant financial year.

2.4 On 05.01.2022, the petitioner paid interest on delayed payment of tax under Section 50 of the CGST Act amounting to Rs.5,02,000/- for F.Y. 2017-2018.

2.5 Thereafter, the respondent issued an intimation in Form GST DRC-01A under Rule 142(1A) of the CGST Rules for F.Y. 2017-18, proposing a demand under Section 73 of the CGST Act. The petitioner submitted its reply to the said intimation on 08.12.2022.

2.6 Subsequently, on 05.01.2023, the respondent issued a show-cause notice to the petitioner under Section 73 of the CGST Act.

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2.7 The petitioner submitted its reply to the show-cause notice on 28.03.2023. Thereafter, on 30.11.2023, the adjudicating authority passed an Order-in-Original raising two demands for F.Y. 2017-18: (**i**) a demand on account of a shortfall in output tax arising from the difference between the amounts declared in Form GSTR-1 and Form GSTR-3B; and **(ii)** a demand on account of excess ITC arising from the difference between Form GSTR-2A and Form GSTR-3B. While determining the latter demand, the adjudicating authority declined to give credit for the payment of Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019, on the ground that the financial year mentioned therein was F.Y. 2018-19 and not F.Y. 2017-18.

2.8 The petitioner challenged the Order-in-Original by filing an appeal under Section 107 of the CGST Act on 27.02.2024. However, the first appellate authority, by order dated 24.05.2024, affirmed the Order-in-Original dated 30.11.2023.

2.9 Thereafter, Rule 142(2B) of the CGST Rules was inserted by the Central Goods and Services Tax (Amendment) Rules, 2024, with effect from 10.07.2024, providing a mechanism for adjusting payments made through Form GST DRC-03 against the corresponding demand by filing Form GST DRC-03A.

2.10 The petitioner thereafter filed Special Civil Application No.14849 of 2024, challenging the appellate order. During the

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pendency of the said writ petition, Section 128A was inserted into the CGST Act by the Finance (No.2) Act, 2024, with effect from 01.11.2024. The said provision provides for the waiver of interest and penalty in respect of specified tax demands pertaining to the relevant period, subject to fulfillment of the prescribed statutory conditions.

2.11 On 18.01.2025, the petitioner filed Form GST DRC-03A under Rule 142(2B) of the CGST Rules to adjust the payment of Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019 against the liability for F.Y. 2017-18 arising from the order-in-original dated 30.11.2023.

2.12 On the same date i.e. 18.01.2025, the petitioner filed another Form GST DRC-03A to appropriate the pre-deposit amount towards the balance liability reflected in the Electronic Liability Register for F.Y. 2017-18.

2.13 Both the applications in Form GST DRC-03A were accepted on the GST portal on 18.01.2025, following which the outstanding principal tax liability for F.Y. 2017-18 was reduced to NIL.

2.14 Thereafter, the petitioner withdrew Special Civil Application No.14849 of 2024 to avail itself of the benefit of the amnesty scheme introduced under Section 128A of the CGST Act.

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Accordingly, on 25.03.2025, the petitioner filed an application in Form GST SPL-02 under Section 128A of the CGST Act read with Rule 164 of the CGST Rules, seeking a waiver of interest and penalty.

2.15 On 06.05.2025, the competent authority issued a notice in Form GST SPL-03, proposing to reject the application. The petitioner submitted its reply on 15.05.2025, pointing out that the payment had already been adjusted against the demand through Form GST DRC-03A. The petitioner also furnished copies of its annual returns for F.Ys. 2018-19 and 2019-20 to demonstrate that no outstanding liability existed for those financial years.

2.16 By the impugned order dated 02.07.2025, the competent authority rejected the petitioner's application in Form GST SPL-02 on the ground that the payment of Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019 could not be treated as payment towards the tax liability for F.Y. 2017-18.

2.17 In passing the impugned order, respondent No. 4 also relied upon the circulars dated 15.10.2024 and 31.03.2025 issued under Section 128A(1) of the CGST Act.

2.18 Being aggrieved by the aforesaid order dated 02.07.2025, the petitioner has preferred the present writ petition.

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SUBMISSIONS ON BEHALF OF THE PETITIONER *:*

3. Learned advocate Mr.Uchit Sheth submitted that the impugned order rejecting the petitioner's application under Section 128A of the CGST Act, filed in Form GST SPL-02, deserves to be quashed and set aside, as the same has been passed without proper application of mind.

3.1 It was submitted that the petitioner had clarified that the payment made through Form GST DRC-03 dated 04.10.2019 pertained to F.Y. 2017-18 and that the reference to F.Y. 2018-19 in the said form was inadvertent.

3.2 It was further submitted that, following the insertion of Rule 142(2B) of the CGST Rules, which provides a mechanism for adjusting payments made through Form GST DRC-03 against specific demands, Form GST DRC-03A was made available on the GST portal. Accordingly, the petitioner filed Form GST DRC-03A, pursuant to which the payment previously made through Form GST DRC-03 was adjusted against the demand raised under Section 73 of the CGST Act. It was pointed out that both Forms GST DRC-03A were accepted on the GST portal on 18.01.2025, reducing the outstanding principal tax liability for F.Y. 2017-18 to NIL. It was, therefore, contended that the statutory condition under Section 128A of the CGST Act, requiring payment of the entire principal tax amount, stood fulfilled. Consequently, the

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rejection of the petitioner's application seeking waiver of interest and penalty was contrary to law and the object underlying Section 128A of the CGST Act.

3.3 Learned advocate further submitted that Section 49(7) of the CGST Act provides for the maintenance of an Electronic Liability Register in the prescribed manner, recording the liabilities of a taxable person under the CGST Act. In exercise of the said provision, Rule 85 of the CGST Rules provides for the maintenance of the Electronic Liability Register in Form GST PMT-01, in which amounts payable by a taxable person are required to be debited. Rule 85(6) further provides that, where a registered person makes payment towards a demand, the Electronic Liability Register is required to be credited accordingly.

It was contended that, since the payment made by the petitioner through Form GST DRC-03A had already been credited and adjusted in the Electronic Liability Register on the GST portal, the officer considering the application under Section 128A of the CGST Act could not disregard such adjustment and proceed on the premise that the tax remained payable. Any such action would amount to an impermissible review of the adjustment already effected in the Electronic Liability Register. The impugned order is, therefore, alleged to be without jurisdiction and contrary to law.

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3.4 It was further submitted that the impugned order was contrary to Circular No.238/32/2024 - GST dated 15.10.2024, issued by the Central Board of Indirect Taxes and Customs, which specifically provides in paragraph 3.2.2 that an amount paid and adjusted through Form GST DRC - 03A is to be treated as payment of tax. It was contended that the said circular is binding on the authorities by virtue of Section 168 of the CGST Act and that the impugned order, having been passed contrary to the binding circular, is unsustainable in law.

3.5 It was also submitted that the impugned order defeats the object, purpose and scheme of Section 128A of the CGST Act, which was introduced to reduce litigation and provide relief by waiving interest and penalty in respect of eligible tax demands pertaining to the initial period of implementation of the GST regime. It was contended that the competent authority failed to consider this legislative objective while rejecting the petitioner's application.

3.6 In view of the aforesaid submissions, learned advocate for the petitioner urged that the impugned order be quashed and set aside and that the petitioner's application under Section 128A of the CGST Act be allowed.

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SUBMISSIONS ON BEHALF OF THE RESPONDENTS *:*

4. Opposing the writ petition, learned Senior Standing Counsel Mr.Utkarsh Sharma submitted that the writ petition ought not to be entertained, as the impugned order rejecting the petitioner's application under Section 128A of the CGST Act had been passed in accordance with the provisions of the Act.

4.1 It was submitted that, the petitioner had voluntarily discharged part of the said liability, amounting to Rs.11,39,200/-, through Form GST DRC-03 dated 05.10.2021, and hence the adjudicating authority had duly taken the aforesaid payment into account and appropriated the same against the total demand of Rs.15,54,771/- in the Order-in-Original dated 30.11.2023. The balance amount of Rs.4,15,571/- was accordingly recoverable. It was, therefore, submitted that the demand had been determined and confirmed in accordance with law.

4.2 Learned Senior Standing Counsel further submitted that the petitioner had paid Rs.31,14,653/- through Form GST DRC-03 dated 04.10.2019, comprising IGST of Rs.30,96,013/-, CGST of Rs.9,320/- and SGST of Rs.9,320/-, and had claimed that the payment pertained to the discrepancy for the tax period from April 2017 to March 2018. However, upon scrutiny of the said form, it was found that the tax period mentioned therein was April 2018 to March 2019.

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4.3 It was submitted that the aforesaid payment could not be appropriated against the discrepancy relating to the excess or irregular availment of ITC reflected in Form GSTR-3B vis-à-vis Form GSTR-2A for the tax period 2017-18. The adjudicating authority had afforded adequate opportunity to the petitioner to furnish documentary evidence and clarifications in support of its claim. However, no detailed supporting documents or satisfactory explanation had been furnished. In the absence of substantiating material, the adjudicating authority, after considering the available records and submissions, confirmed the demand of Rs.30,27,040/- on account of wrongful availment of ITC.

4.4 It was further submitted that the payment of Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019 remained disputed and had not been accepted as an eligible payment by either the adjudicating authority, namely, the Deputy Commissioner, Division-VII, CGST, Ahmedabad North, or the appellate authority, namely, the Joint Commissioner (Appeals), CGST and Central Excise, Ahmedabad, while passing their respective orders.

4.5 No further submissions were advanced on behalf of the respondents.

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ANALYSIS AND OPINION *:*

5. The material facts giving rise to the present dispute are not in controversy. The petitioner filed an application in Form GST SPL-02 under Section 128A of the CGST Act read with Rule 164 of the CGST Rules on 25.03.2025. The last date for filing such an application was 30.06.2025. The application was, therefore, filed within the prescribed period of limitation.

5.1 Form GST SPL-02 under Section 128A of the CGST Act contains a verification requiring the taxpayer to declare that the information furnished therein is true and correct to the best of its knowledge and belief. It further provides that any incorrect declaration or suppression of facts would render the application void.

5.2 Section 128A of the CGST Act, popularly referred to as the amnesty scheme, was inserted by the Finance (No.2) Act, 2024, with effect from 01.11.2024. The provision provides for the waiver of interest and penalty in respect of specified demands raised under Section 73 of the CGST Act pertaining to the period from 01.07.2017 to 31.03.2020, subject to fulfilment of the statutory conditions. The provision covers the categories of cases specified in clauses (a), (b) and (c) of Section 128A(1) CGST Act, including demands arising from orders under Section 73 of the

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CGST Act, orders passed in appeal under Section 107 of the CGST Act and orders passed in revision under Section 108(1) of the CGST Act, as applicable.

5.3 Rule 164 of the CGST Rules prescribes the procedure and conditions for concluding proceedings under Section 128A of the CGST Act in respect of demands raised under Section 73 of the CGST Act. The rule requires an eligible taxpayer to file the prescribed application in Form GST SPL-02, furnishing the particulars of the relevant order and the details of the payment made towards the tax demanded. The second proviso to Rule 164 of the CGST Rules stipulates further that if the payment towards such tax demanded has been made through FORM GST DRC-03, an application in FORM GST DRC-03A, as prescribed in sub-rule (2B) of Rule 142 of the CGST Rules, shall be filed by the said person for credit of the said amount in the Electronic Liability Register against the debit entry created for the said demand, before filing the application in FORM GST SPL 02.

5.4 The material precondition for availing the benefit of waiver of interest and penalty under Section 128A of the CGST Act is the payment of the entire principal amount of tax covered by the relevant demand within the prescribed period and in the prescribed manner. The question arising for consideration is whether, in the facts of the present case, the payment of

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Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019, and subsequently adjusted through Form GST DRC-03A, could be treated as payment towards the principal tax liability for F.Y. 2017-18 for the purpose of Section 128A of the CGST Act.

5.5 The petitioner was subjected to the proceedings under Section 73 of the CGST Act, culminating in the Order-in-Original dated 30.11.2023, whereby two demands were raised for F.Y. 2017-18. The first demand, amounting to Rs.15,54,771/-, related to the shortfall in output tax arising from the difference between the outward supplies declared in Form GSTR-1, amounting to Rs.63,04,796/-, and those declared in Form GSTR-3B, amounting to Rs.47,50,025/-. The second demand, amounting to Rs.30,27,040/-, related to excess ITC availed and utilised by the petitioner, which had not been reversed.

5.6 In respect of the first demand, the adjudicating authority appropriated the amount of Rs.11,39,200/- paid by the petitioner in cash through Form GST DRC-03 dated 05.10.2021 and directed recovery of the balance amount of Rs.4,15,571/-, representing the difference between the total demand of Rs.15,54,771/- and the amount already paid.

5.7 As regards the second demand of Rs.30,27,040/- relating to the excess availment of ITC, the adjudicating authority confirmed

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the demand and also imposed a penalty under Section 125 of the CGST Act. The petitioner challenged the Order-in-Original dated 30.11.2023 by filing an appeal under Section 107 of the CGST Act. However, the first appellate authority, by order dated 24.05.2024, confirmed the Order-in-Original.

5.8 The petitioner thereafter challenged the appellate order by filing Special Civil Application No.14849 of 2024. The said writ petition was subsequently withdrawn on 13.03.2025 to enable the petitioner to avail itself of the benefit of the amnesty scheme under Section 128A of the CGST Act.

5.9 In the meantime, on 18.01.2025, the petitioner filed Form GST DRC-03A under Rule 142(2B) of the CGST Rules to adjust the payment made through Form GST DRC-03 dated 04.10.2019 against the liability for F.Y. 2017-18 arising from the Order-in-Original dated 30.11.2023. It is pertinent to note that Rule 142(2B) of the CGST Rules was inserted by notification dated 10.07.2024, with effect from the same date, to provide a mechanism for adjusting payments made through Form GST DRC-03 against the corresponding demand. The relevant provision reads as under :

> *"142 Notice and order for demand of amounts payable under the Act.*
>
> *(2B) Where an amount of tax, interest, penalty or any other amount payable by a person under section 52 or section 73 or section 74*

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[or section 74A] or section 76 or section 122 or section 123 or section 124 or section 125 or section 127 or section 129 or section 130, has been paid by the said person through an intimation in FORM GST DRC-03 under sub-rule (2), instead of crediting the said amount in the electronic liability register in FORM GST PMT-01 against the debit entry created for the said demand, the said person may file an application in FORM GST DRC-03A electronically on the common portal, and the amount so paid and intimated through FORM GST DRC-03 shall be credited in Electronic Liability Register in FORM GST PMT-01 against the debit entry created for the said demand, as if the said payment was made towards the said demand on the date of such intimation made through FORM GST DRC-03."

5.10 At this stage, reference may be made to Circular No.238/32/ 2024-GST dated 15.10.2024, issued to clarify various doubts concerning the implementation of Section 128A of the CGST Act. The relevant paragraph of the said circular reads as under:

"3.2.2 With respect to an order referred to in clause (b) and clause (c) of sub-section (1) of Section 128A, the payment towards such tax demanded shall be made by the taxpayer, only by the making the payment against the debit entry created in the Part II of the Electronic Liability Register (ELR) by the demand order. In this regard, the procedure mentioned in para 4 of Circular No. 224/18/2024-GST dated 11th July 2024 may be referred to. However, in cases where the payment towards tax demanded in the demand order has already been made through FORM GST DRC-03, the procedure prescribed in rule 142(2B) may be followed. In such cases, the taxpayer shall be required to file an application in FORM GST DRC-03A as prescribed in the said rule, in order to adjust the amount already paid vide the FORM GST DRC-03, towards the demand created in the ELR-Part II, before filing the application for waiver under Section 128A in FORM GST SPL-02. For the purposes of determining the date of payment of full amount of tax, the date on which the amount has been paid through FORM GST DRC-03 may be considered and not the date on which the said amount has been adjusted using FORM GST DRC-03A."

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5.11 Prior to the insertion of Rule 142(2B) of the CGST Rules, Rule 142 prescribes the procedure for issuing demand notices and recovering dues from taxpayers. Form GST DRC-03 enables a taxpayer to make voluntary payments towards tax, interest, penalty or other amounts, either before or after the issuance of a show-cause notice. However, a mechanism for adjusting payments already made through Form GST DRC-03 against a subsequently determined demand was not available, which could result in difficulties in appropriating such payments against the corresponding liabilities.

5.12 Vide Notification No.12/2024-CT dated 10.07.2024, sub-rule (2B) was inserted in Rule 142 of the CGST Rules, and Form GST DRC-03A was introduced to provide a mechanism for adjusting payments previously made through Form GST DRC-03 against the corresponding demand. The mechanism enables a taxpayer to seek adjustment of an amount inadvertently paid through Form GST DRC-03 under Rule 142(2) of the CGST Rules against a demand arising under the relevant provisions of the CGST Act, including Sections 52, 73, 74, 76, 122, 123, 124, 125, 127, 129 and 130 of the CGST Act, as applicable. For this purpose, the taxpayer is required to file Form GST DRC-03A electronically on the GST portal. Upon such adjustment, the amount paid and intimated through Form GST DRC-03 is treated as having been paid towards the corresponding demand on the date of the

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original intimation through Form GST DRC-03. The mechanism facilitates the adjustment of earlier payments against outstanding demands reflected in the relevant demand orders and the Electronic Liability Register.

5.13 Pursuant to the notice issued to the petitioner on filing Form GST SPL-03, the petitioner in its reply dated 15.05.2025, clarified that he had already paid Rs.31,14,653/- through Form GST DRC-03 dated 04.10.2019 and a further amount of Rs.3,44,262/- through Form GST DRC-03 dated 22.02.2024 towards the liability for F.Y. 2017-18. It was further pointed out that, upon acceptance of Form GST DRC-03A dated 18.01.2025, the outstanding demand had been adjusted and the Electronic Liability Register on the GST portal reflected a Nil balance. The petitioner, therefore, requested that its application under Section 128A of the CGST Act be accepted.

5.14 However, by the impugned order dated 02.07.2025, respondent No.4 rejected the petitioner's application in Form GST SPL-02. In the discussion and findings recorded in the impugned order, respondent No.4 acknowledged that the petitioner had applied for a waiver of interest and penalty in connection with the order-in-original dated 30.11.2023 and that an amount of Rs.31,14,653/- had been paid through Form GST DRC-03 dated 04.10.2019. Respondent No.4 further observed that the said

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payment had not been considered either by the adjudicating authority while passing the Order-in-Original dated 30.11.2023 or by the appellate authority while deciding the appeal. It was also noted that the petitioner had challenged the appellate order before this Court. On that basis, respondent No.4 took the view that he could not pass any order concerning the aforesaid payment of Rs.31,14,653/-. In substance, the application was rejected on the ground that the petitioner had failed to discharge the tax demand by 31.03.2025.

5.15 The principal issue, therefore, is whether the competent authority, while considering the petitioner's application under Section 128A of the CGST Act, could disregard the adjustment effected through Form GST DRC-03A, which had been accepted on the GST portal and had resulted in the outstanding principal tax liability being reduced to NIL.

5.16 While passing the impugned order, respondent No.4 failed to appreciate that the petitioner had filed Form GST DRC-03A on 18.01.2025 under Rule 142(2B) of the CGST Rules for adjustment of the payment made through Form GST DRC-03 dated 04.10.2019. The said application had been accepted on the GST portal, and the outstanding principal tax liability for F.Y. 2017-18 was consequently reflected as NIL. The petitioner's case was that the principal tax liability had thus been discharged, thereby

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satisfying the essential condition for claiming the benefit of Section 128A of the CGST Act.

5.17 The petitioner's case before the adjudicating authority was specific: while making the payment through Form GST DRC-03 dated 04.10.2019, it had inadvertently selected F.Y. 2018-19 instead of F.Y. 2017-18, although the payment pertained to the reversal of ITC relating to the latter financial year. The petitioner accordingly sought adjustment of the amount of Rs.31,14,653/- against the liability for F.Y. 2017-18. However, the adjudicating authority declined to accept this explanation and confirmed the demand of Rs.30,27,040/- towards excess availment of ITC, together with the applicable penalty and interest under the CGST Act. The petitioner contended that the amount paid through Form GST DRC-03 exceeded the ITC amount alleged to have been wrongly availed.

5.18 Even before the appellate authority, the petitioner specifically contended that the reference to F.Y. 2018-19 in Form GST DRC-03 was the result of an inadvertent clerical error, whereas the reversal of ITC pertained to F.Y. 2017-18.

5.19 The petitioner consistently maintained before the adjudicating authority as well as the appellate authority that the excess ITC of Rs.30,27,040/- had been inadvertently availed on account of a clerical error while filing Form GSTR-3B for F.Y.

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2017-18 and that the error had been rectified by paying Rs.31,14,653/- through Form GST DRC-03 dated 04.10.2019. However, while making the payment, the petitioner inadvertently selected F.Y. 2018-19 instead of F.Y. 2017-18, and the error remained uncorrected in the original form.

It is not the respondents' case that the petitioner had not made the aforesaid payment or that the payment had not been received by the revenue. The petitioner further contended that no corresponding outstanding tax liability existed for F.Y. 2018-19. The appellate authority, however, declined to accept the petitioner's explanation, principally on the ground that the amount paid through Form GST DRC-03, namely, 31,14,653/-, exceeded the disputed ITC amount of Rs.30,27,040/- and that the financial years mentioned in the payment form and the demand did not correspond.

The petitioner had also furnished, along with its reply dated 15.05.2025, copies of its annual returns in Form GSTR-9 for F.Ys. 2018-19 and 2019-20 to demonstrate that no outstanding tax liability existed for those years. In the absence of any dispute regarding the existence of such outstanding liability, the petitioner's explanation that F.Y. 2018-19 had been inadvertently mentioned in Form GST DRC-03 instead of F.Y. 2017-18 required due consideration. However, the revenue without verification proceeded to reject the application SPL 02.

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5.20 In the aforesaid circumstances, the petitioner filed two applications in Form GST DRC-03A on 18.01.2025: the first seeking adjustment of the payment of Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019 against the tax liability for F.Y. 2017-18 arising from the order-in-original dated 30.11.2023, and the second seeking appropriation of the pre-deposit amount towards the balance liability reflected in the Electronic Liability Register for the same financial year. Both applications were accepted on the GST portal, and the outstanding principal tax liability for F.Y. 2017-18 was reduced to NIL. Thus, the conditions relating to payment of the principal tax amount under Section 128A of the CGST Act stood satisfied.

5.21 It is also relevant to refer to Section 49(7) of the CGST Act, which provides that the liabilities of a taxable person under the Act shall be recorded and maintained in an Electronic Liability Register in such manner as may be prescribed. Rule 85 of the CGST Rules prescribes the manner in which the Electronic Liability Register is to be maintained in Form GST PMT-01. In terms of Rule 85(6) of the CGST Rules, where a registered person makes payment towards a demand, the Electronic Liability Register is to be credited accordingly, subject to the applicable provisions.

6. In the present case, both applications filed by the petitioner

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in Form GST DRC-03A on 18.01.2025 were accepted on the GST portal, and the outstanding principal tax liability for F.Y. 2017-18 was reduced to Nil. In these circumstances, the authority considering the petitioner's application in Form GST SPL-02 under Section 128A of the CGST Act was required to consider the legal effect of the adjustment of tax liability which was reflected in the Electronic Liability Register as NIL. It is established from the record that upon acceptance of the Forms GST DRC-03A, the demand of Rs.34,42,611/- reflected in Form GST DRC-07 dated 15.03.2024 for F.Y. 2017-18 stood adjusted against the payments of Rs.31,14,653/- made through Form GST DRC-03 dated 04.10.2019 and Rs.3,44,262/- made through Form GST DRC-03 dated 22.02.2024. Hence the tax liability of paying the principal amount which included interest stood satisfied, showing the tax liability as Nil.

7. Upon an overall consideration of the facts and the applicable statutory provisions, we are of the opinion that respondent No.4 has failed to properly appreciate the material facts and the effect of the adjustment effected through Forms GST DRC-03A, which had been accepted on the GST portal. The impugned order dated 02.07.2025, rejecting the petitioner's application in Form GST SPL-02 dated 25.03.2025 under Section 128A of the CGST Act, has, therefore, been passed without proper application of mind.

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8. Consequently, the writ petition ***succeeds***. The impugned order dated 02.07.2025 is hereby quashed and set aside. The respondent authority is directed to accept and process the petitioner's application in Form GST SPL-02 dated 25.03.2025 under Section 128A of the CGST Act and pass the consequential order in accordance with law within a period of twelve weeks from the date of receipt of this order. It is clarified that in case the portal does not allow the processing of the application dated 25.03.2025, the respondents shall accept the fresh application filed by the petitioner either in physical mode or through portal, and process the same. **RULE** is made absolute accordingly.

Sd/-

(A. S. SUPEHIA, J)

Sd/-

(VAIBHAVI D. NANAVATI,J)

Pradhyuman/1

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