

T.C.(Revision)No.65 of 2025

**IN THE HIGH COURT OF JUDICATURE AT MADRAS****DATED: 11.06.2025**

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**CORAM :**

**THE HONOURABLE DR.JUSTICE ANITA SUMANTH**  
**and**  
**THE HONOURABLE MR.JUSTICE N.SENTHILKUMAR**

**T.C. (Revision) No.65 of 2025**

Tvl. Swarna Steels,  
No.3, Ganapathi Layout,  
K.K.Pudur,  
Coimbatore-641 038.

.. Petitioner

VS

The State of Tamil Nadu  
Rep. by the Deputy Commissioner (CT),  
Coimbatore Division,  
CT Buildings,  
Dr.Balasundaram Road,  
Coimbatore-641 018.

.. Respondent

Prayer : Petition filed under Section 38 of the TNGST Act, 1956 to set aside the Order of the Appellate Tribunal made in STA.No.251 of 2005 dated 08.04.2014.

For Petitioner : Mr.K.Chandrasekaran

For Respondent : Mr.C.Harsha Raj  
Special Government Pleader



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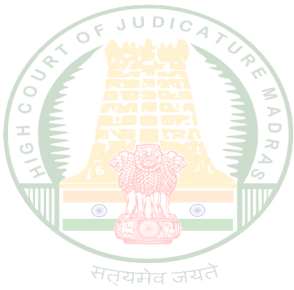
ORDER(Delivered by Dr. ANITA SUMANTH.,J)

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Mr.K.Chandrasekaran, learned counsel for the assessee circulates a copy of order dated 12.06.2013 passed in Tax Case (Revision) No.292 of 2011 filed by this very assessee for assessment year 2001-02 which involves an identical issue as arising in the present matter. A copy of the said order has been supplied to the learned Special Government Pleader who confirms that both the issues are identical and that they have been answered in favour of the assessee.

2.The discussion at paragraph 9 of order dated 12.06.2013 extracted below, is thus applicable to the present facts and circumstances as well.

*'9. We do not agree with the line of reasoning of the order of the Sales Tax Appellate Tribunal. As seen from the order of assessment, the addition of Rs.8,05,303/- came for consideration only on account of the Inspection Wing Official noting huge Gross Profit difference between the first sale and the second sale. It is no doubt true that the sister concern had effected second sales making high gross profit. Whatever be the merits or demerits on the higher profit, as rightly observed by the First Appellate Authority, for the purpose of assessment under Section 12-A of the Act, the Assessing Officer has to cause enquiry by following the procedures prescribed under Rule 18-C of the Rules. In the absence of any such enquiry, the mere ground that the sister concern had charged higher gross profit by itself could not be a legal ground for making addition of Rs.8,05,303/-. One can see that there is absolutely no exercise on this aspect and that the Assessing*



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*Officer had merely adopted the inspection results. In the absence of any enquiry done by the Assessing Officer as required under Rule 18-C of the Rules, we have no hesitation in accepting the case of the assessee that a mere difference in profit between the second sale and the first sale would lead to a statutory best judgment under Section 12-A of the Act. Accordingly, the order of the Sales Tax Appellate Tribunal is set aside. The Tax Case Revision stands allowed. No costs.'*

3.Hence, the following substantial questions of law are answered

in favour of the assessee and against the revenue.

*" 1. Whether the Appellate Tribunal discussed the issue in detail rather than reproducing the D3 inspection report proposal inspite of the fact that the Appellate Tribunal is the final fact finding authority?*

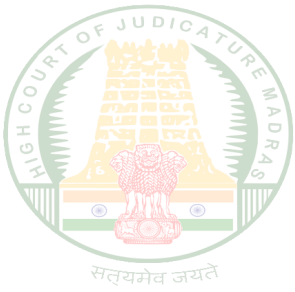
*2. Whether the findings of the Appellate Tribunal in following the extracting the D3 proposal is in accordance with the principles laid down by this Court in the judgment reported in 146 STC 642 in the case of Madras Granites (P) Ltd., Vs. Commercial Tax Officer, Salem ?*

*3. Whether the Appellate Tribunal had considered the provisions of Section 12-A of the TNGST Act and the corresponding Rule 18-C of the Rules which prescribes various factors to be considered by the authorities while making assessment under Section 12-A of the TNGST Act?"*

4.This Tax Case (Revision) is allowed. No costs.

**[A.S.M., J]      [N.S., J]  
11.06.2025**

Index:Yes/No  
Speaking Order  
Neutral Citation:Yes  
vs



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**DR. ANITA SUMANTH.,J.**  
**and**  
**N.SENTHILKUMAR,J.**

VS

To  
The Deputy Commissioner (CT),  
Coimbatore Division, CT Buildings,  
Dr.Balasundaram Road, Coimbatore-641 018.

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