



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3529]

MONDAY, THE TWENTY SECOND DAY OF JUNE
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE SRI JUSTICE R RAGHUNANDAN RAO

THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR

WRIT PETITION NO: 6971/2026

Between:

1. SATISH DHAWAN SPACE CENTRE SHAR, INDIAN SPACE RESEARCH ORGANISATION, DEPARTMENT OF SPACE, GOVERNMENT OF INDIA REPRESENTED BY ITS DIRECTOR, SRIHARIKOTA, SPSR NELLORE DISTRICT . 524124.

...PETITIONER

AND

1. THE STATE OF AP, REPRESENTED BY ITS PRINCIPAL SECRETARY DEPARTMENT OF COMMERCIAL TAXES EXCISE REVENUE DEPARTMENT, GOVERNMENT OF ANDHRA PRADESH ANDHRA PRADESH.

2. THE CHIEF COMMISSIONER OF STATE TAX, DOOR NO. 12-468-4, ADJACENT TO NH-16, SERVICE ROAD, KUNCHANAPALLY, GUNTUR DISTRICT - 522501.

3. DEPUTY COMMISSIONER CT, COMMERCIAL TAXES DEPARTMENT, NELLORE DIVISION, AT D.NO. 15-105/2 1ST FLOOR, CT COMPLEX, RR STREET, NELLORE, SPSR NELLORE DISTRICT - 524001.

4. COMMERCIAL TAX OFFICER, GUDUR CIRCLE, NELLORE DIVISION NELLORE - 524001.

...RESPONDENT(S):

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to be pleased to a) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Assessment Order No. 37857 dated 14.08.2012 for the Financial Year 2007-08 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of India and consequently to set aside the Assessment Order No. 37857 dated 14.08.2012 for the Financial Year 2007-08, b) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Assessment Order No. 37858 dated 14.08.2012 for the Financial Year 2008-09 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of India and consequently to set aside the Assessment Order NO. 37858 dated 14.08.2012 for the Financial Year 2008-09, c) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Assessment Order No. 37859 dated 14.08.2012 for the Financial Year 2009-10 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of India and consequently to set aside the Assessment Order No. 37859 dated 14.08.2012 for the Financial Year 2009-10, d) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Assessment Order No.37860 dated 14.08.2012 for the Financial Year 2010-11 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of India and consequently to set aside the Assessment Order No.37860 dated 14.08.2012 for the Financial Year 2010-11 e) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Assessment Order No. 37861 dated 14.08.2012 for the Financial Year 2011-12 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of India and consequently to set aside the Assessment Order No. 37861 dated 14.08.2012 for the Financial Year 2011-12 f) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Demand Notice dated 20.06.2025 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of India and consequently to set aside the Demand Notice dated 20.06.2025. g) issue a writ more particularly in the form of Writ of Mandamus declaring the impugned Arrear Notice dated 17.12.2025 as arbitrary, illegal, high-handed, without jurisdiction and violative of principles of natural justice and violative of Article 14 of Constitution of

India and consequently to set aside the Arrear Notice dated 17.12.2025 forthwith to order the Respondents to refund the amount of Rs.2.11 crore paid under protest by Petitioner on 26.08.2014. and to pass

IA NO: 1 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend impugned Assessment Order No. 37857 dated 14.08.2012 for the Financial Year 2007-08 and to pass

IA NO: 2 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend impugned Assessment Order No. 37858 dated 14.08.2012 for the Financial Year 2008-09 and to pass

IA NO: 3 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend impugned Assessment Order No. 37859 dated 14.08.2012 for the Financial Year 2009-10 and to pass

IA NO: 4 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the impugned Assessment Order No.37860 dated 14.08.2012 for the Financial Year 2010-11 and to pass

IA NO: 5 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the impugned Assessment Order No.37861 dated 14.08.2012 for the Financial Year 2010-12 and to pass

IA NO: 6 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased

pleased to suspend the impugned Demand Notices dated 20.06.2025 and to pass

IA NO: 7 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the impugned Arrear Notice dated 17.12.2025 and to pass

IA NO: 8 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the Respondents to not take any coercive steps against the Petitioner, pending disposal of the present writ petition and to pass

Counsel for the Petitioner:

- 1.ALEKHYA TADASINA(CENTRAL GOVT COUNSEL)

Counsel for the Respondent(S):

- 1.GP FOR COMMERCIAL TAX

The Court made the following Order:

(per Hon'ble Sri Justice R. Raghunandan Rao)

Heard Ms. T. Alekhya, learned counsel for the petitioner and Sri S.A.V. Sai Kumar, learned Assistant Government Pleader for Commercial Taxes, appearing for the respondents.

2. The petitioner herein is Satish Dhawan Space Centre- SHAR, which is a part of the Indian Space Research Organization, Department of Space, Government of India. In the process of manufacture of rockets and missiles, it appears that the petitioner had been awarding works contracts.

3. For the periods 2007-08 to 2011-12, the works contracts, awarded by the petitioner, came up for scrutiny before the Commercial Tax Department. The Commercial Tax Officer, Gudur Circle, by separate orders, dated 14.08.2012, had passed orders of assessment against the petitioner.

4. In these orders, the Commercial Tax Officer recorded that there was no response to the various notices issued by the Commercial Tax Officer and that the assessment orders were being passed on 'Best Judgment Assessment' basis.

5. The Commercial Tax Officer took into account the TDS paid out on the various works contracts, awarded by the petitioner. The Officer, while taking the TDS to be @ 4% of the turn-over, had arrived at the total value of the turn-over involved in these works contracts across all the five orders and applied the formula of 70% towards value of goods and 30% towards value of

services for arriving at the taxable turn-over. Thereafter, the Commercial Tax Officer applied the rate of 12.5% and arrived at the tax payable by the petitioner for each of the above assessment orders.

6. The petitioner, after receiving these orders of assessment, approached the Territorial Deputy Commissioner, under Section 32 of the A.P. V.A.T. Act, 2005 and filed various representations before the Territorial Deputy Commissioner. However, these representations were not taken up by the Territorial Deputy Commissioner as the revisional power would be exercised only when the order is prejudicial to the interests of revenue.

7. It appears that there was some silence for a period of 8 years, after which, the Commercial Tax Officer initiated proceedings for recovery. At that stage, the petitioner has approached this Court, by way of the present Writ Petition.

8. The primary contentions of the petitioner are:

- 1) The Territorial Deputy Commissioner should have taken up revision of the proceedings inasmuch as the said proceedings are incorrect and are based on wrong rate of tax.
- 2) It is contended that the rate of tax in the present case should have been 4% as material had been supplied on cost recovery basis and the rate of 12.5% could have been applied.
- 3) The petitioner also contends that though the Commercial Tax Officer recorded that various notices have been given to the petitioner, none

of these notices were properly brought to the notice to the petitioner, due to which the petitioner was unable to present the facts properly before the Commercial Tax Officer.

9. The learned Assistant Government Pleader, on the other hand, on instructions, submits that the best judgment assessment order was passed as no response was given to the Commercial Tax Officer. He would further submit that the petitioner ought to have filed an appeal before the Appellate Authority and could have claimed protection from recovery of tax, but had approached a wrong forum of the Territorial Deputy Commissioner, under Section 32 of the AP VAT Act. The learned Assistant Government Pleader would also contend that the rate of tax applicable to the present case is 12.5% and not 4%. Apart from this, the learned Assistant Government Pleader would also contend that there has been inordinate delay in approaching this Court, inasmuch as the orders of the year 2012 are being challenged after 14 years.

10. A perusal of the above facts would show that, though the petitioner had not responded to the notices issued by the Commercial Tax Officer, the fact remains that the petitioner had been trying to get relief by approaching the authorities, though before the wrong authority. It may also be noted that there is some doubt as to the service of notices on the petitioner by the Commercial Tax Officer, prior to the passing of the assessment orders. This Court could also not ignore the fact that the petitioner is involved in crucial Space Programmes, which are for the benefit of the Nation and any

exaction of tax from such an institution would also damage the interests of the Nation.

11. Keeping the aforesaid in view, it would be appropriate that the orders of assessment, dated 14.08.2012, for the aforesaid assessment periods, are set aside and the matters are remanded back to the Assessing Authority, for determining the tax, if any, payable by the petitioner.

12. As the limitation period has lapsed quite some time back, it would only be appropriate that these proceedings are completed at the earliest, after due notice of opportunity is given to the petitioner and at any rate, within a period of three (03) months from the date of receipt of this order.

13. Accordingly, this Writ Petition is allowed. There shall be no order as to costs.

As a sequel, pending miscellaneous applications, if any, shall stand closed.

R. RAGHUNANDAN RAO, J

T.C.D. SEKHAR, J

Date:22.06.2026

MJA

Whether the order is :

Speaking Yes/No / Recorded Yes/No

Reportable Yes/No / Non-Reportable Yes/No

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THE HONOURABLE SRI JUSTICE R RAGHUNANDAN RAO

THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR

WRIT PETITION NO: 6971/2026

(per Hon'ble Sri Justice R. Raghunandan Rao)

Date:22.06.2026

MJA