IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25-08-2026

CORAM

THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

WP No. 32816 of 2026

M/s.Zigma Machinery & Equipment Solutions,
(A Proprietorship business represented by Sundar,
Prabu N – Proprietor), Site No.223, G.K.S. Avenue
I, Vadavalli Perur, Veerakeralam, Coimbatore,
Tamil Nadu – 641007.
(GSTIN : 33CGIPS5665K1ZS)

..Petitioner

Vs

Assistant Commissioner Coimbatore - I Division
Office of the Assistant Commissioner of CGST
and Central Excise, Coimbatore 1 - Division, 1441,
Elgi building, Trichy road, Coimbatore,
Tamilnadu - 641018.

..Respondent

Prayer: Writ Petition is filed under Article 226 of the Constitution of India praying for issuance of Writ of Mandamus directing the respondent to forthwith lift/remove the blockage/freezing of the petitioner's electronic credit ledger made vide reference No.BL3302250000152 dated 04.02.2025 and permit the petitioner to freely utilize the ITC available therein.

For Petitioner:	Mr. Bhagavath P
For Respondent:	Mr. Rajendran Raghavan Senior Standing Counsel

ORDER

An assessment order dated 17.03.2023 was issued in respect of assessment period 2017 - 2020. Assailing such assessment order primarily on the ground of clubbing of assessments relating to multiple assessment periods, the petitioner filed W.P.No.41890 of 2025. An interim stay was granted in relation to recovery measures on 25.02.2026. Prior thereto, the petitioner's electronic credit ledger was blocked on 04.02.2025. Such blocking order is the subject of challenge in this writ petition.

2. The first contention of learned counsel for the petitioner is that the blocking order cannot survive in light of order dated 25.02.2026. The second contention is that such blocking order travels beyond the scope of Section 79 of applicable GST enactments. Comparing and contrasting the language of Rule 86A with Section 79, learned counsel contends that negative blocking is impermissible under Section 79.

3. Mr.Rajendran Raghavan, learned Senior Standing Counsel, accepts notice for the respondent. He submits that there is no infirmity in the blocking. He adds that the interim order of this Court only directs that recovery proceedings be kept in abeyance and that said order does not have any impact on the blocking order.

4. As contended by learned Senior Standing Counsel, interim order dated 25.02.2026 directs the respondent to keep recovery proceedings in abeyance. Therefore, said order has no impact on the blocking order issued earlier. The

limited impact of the interim order in the writ petition is that amounts lying in the electronic credit ledger cannot be debited for purposes of recovering the dues.

5. As regards the second contention of learned counsel, it is necessary to set out and examine Section 79. Section 79(1) reads as under:

> ***79. Recovery of tax.***—
>
> *(1) Where any amount payable by a person to the Government under any of the provisions of this Act or the rules made thereunder is not paid, the proper officer shall proceed to recover the amount by one or more of the following modes, namely:—*
>
> *(a) the proper officer may deduct or may require any other specified officer to deduct the amount so payable from any money owing to such person which may be under the control of the proper officer or such other specified officer;*
>
> *(b) the proper officer may recover or may require any other specified officer to recover the amount so payable by detaining and selling any goods belonging to such person which are under the control of the proper officer or such other specified officer;*
>
> *(c) (i) the proper officer may, by a notice in writing, require any other person from whom money is due or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the Government either forthwith upon the money becoming due or being held, or within the time specified in the notice not being*

before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;

(ii) every person to whom the notice is issued under sub-clause (i) shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary;

(iii) in case the person to whom a notice under sub-clause (i) has been issued, fails to make the payment in pursuance thereof to the Government, he shall be deemed to be a defaulter in respect of the amount specified in the notice and all the consequences of this Act or the rules made thereunder shall follow;

(iv) the officer issuing a notice under sub-clause (i) may, at any time, amend or revoke such notice or extend the time for making any payment in pursuance of the notice;

(v) any person making any payment in compliance with a notice issued under sub-clause (i) shall be deemed to have made the payment under the authority of the person in default and such payment being credited to the Government shall be deemed to constitute a good and sufficient discharge of the liability of such person to the person in default to the extent of the amount specified in the receipt;

(vi) any person discharging any liability to the person in

default after service on him of the notice issued under sub-clause (i) shall be personally liable to the Government to the extent of the liability discharged or to the extent of the liability of the person in default for tax, interest and penalty, whichever is less;

(vii) where a person on whom a notice is served under sub-clause (i) proves to the satisfaction of the officer issuing the notice that the money demanded or any part thereof was not due to the person in default or that he did not hold any money for or on account of the person in default, at the time the notice was served on him, nor is the money demanded or any part thereof, likely to become due to the said person or be held for or on account of such person, nothing contained in this section shall be deemed to require the person on whom the notice has been served to pay to the Government any such money or part thereof;

(d) the proper officer may, in accordance with the rules to be made in this behalf, distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid; and in case, any part of the said amount payable or of the cost of the distress or keeping of the property, remains unpaid for a period of thirty days next after any such distress, may cause the said property to be sold and with the proceeds of such sale, may satisfy the amount payable and the costs including cost of sale remaining unpaid and shall render the surplus amount, if any, to such person;

(e) the proper officer may prepare a certificate signed by him specifying the amount due from such person and send it

to the Collector of the district in which such person owns any property or resides or carries on his business or to any officer authorised by the Government and the said Collector or the said officer, on receipt of such certificate, shall proceed to recover from such person the amount specified thereunder as if it were an arrear of land revenue;

(f) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), the proper officer may file an application to the appropriate Magistrate and such Magistrate shall proceed to recover from such person the amount specified thereunder as if it were a fine imposed by him."

6. The width of Section 79 is evident from sub-section (1): the proper officer is entitled to recover amounts payable by a person to the Government by adopting one or more of the modes specified in clauses (a) to (f) of sub-section (1). Both in clauses (a) & (b), the proper officer is permitted to deduct or recover the amounts payable from money or goods under the control of the proper officer. As per clause (c), recovery may be made by initiating garnishee proceedings. The scope of clause (c) extends to money that the garnishee may owe to the defaulting taxable person subsequently. Clause (d) empowers distraint and sale of assets. Clauses (e) and (f) empower recovery by taking the assistance of the Collector and Magistrate, respectively. Blocking of the credit ledger, including negative blocking, clearly falls within the scope of the above clauses.

7. In contrast to Rule 86A, which is a provisional measure typically undertaken at the pre-determination of liability stage, the powers under Section 79 are wider on account of being measures taken at the post determination stage to recover amounts due and payable to the Government. Viewed in this context, the contention of learned counsel for the petitioner that negative blocking of the electronic credit ledger is impermissible under Section 79 cannot be countenanced.

8. With the above observations, this writ petition is disposed of without any order as to costs.

25-08-2026

Index : Yes/No

Neutral Citation : Yes/No

KJ

To

Assistant Commissioner Coimbatore - I Division
Office of the Assistant Commissioner of CGST and Central Excise,
Coimbatore 1 - Division, 1441, Elgi building,
Trichy road, Coimbatore,
Tamilnadu - 641018.

SENTHILKUMAR RAMAMOORTHY, J.

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