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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
% ***Judgment reserved on: 07.08.2026***
Judgment pronounced on: 18.09.2026
Judgment uploaded on: 18.09.2026

\# **CNR No. DLHC010020302025**

\+ W.P.(C) 833/2025 and CM APPL. 4110/2025
SARASWATI PRINTERS .....Petitioner
Through: Mr. Chinmaya Seth, Mr. A.K. Seth, Ms. Palak Mathur, Mr. Karanveer Singh, Advs.

versus

DIRECTORATE GENERAL OF GST INTELLIGENCE, DZU AND ORS. .....Respondents
Through: Dr. Abhishek Khanna, Mr. Atul Tripathi, SSC for CBIC with Mr. Shubham Mishra, Gaurav Mani Tripathi & Mr. Akshay Sagar, Advs.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MS. JUSTICE SHAIL JAIN

J U D G M E N T

ANIL KSHETARPAL, J.:

1. By way of the present Writ Petition, the Petitioner assails the Show Cause Notice dated 03.08.2024 issued by the Directorate General of GST Intelligence, Delhi Zonal Unit [‘DGGI/DZU’] under Section 74 of the Central Goods and Services Tax Act, 2017 [‘CGST Act’], read with the corresponding provisions of the Delhi Goods and Services Tax Act, 2017 [‘DGST Act’] and Section 20 of the Integrated

Goods and Services Tax Act, 2017 [‘IGST Act’]. The Petitioner also challenges the consequential Order-in-Original passed by the competent adjudicating authority.

2. At the outset, it may be noted that although the Petitioner has referred to the impugned Order-in-Original as being dated 03.02.2025, the Order-in-Original placed on record bears the date 31.01.2025. The present judgment shall accordingly proceed on the basis that the impugned Order-in-Original was passed on 31.01.2025.

3. The issue which arises for consideration in the present Petition is whether the present Writ Petition ought to be entertained, particularly after the passing of the Order-in-Original dated 31.01.2025, when the Petitioner has an efficacious statutory remedy of appeal under Section 107 of the CGST Act against the said order, and whether the contentions raised by the Petitioner, including the objection under Section 6(2)(b) of the CGST Act, should be examined by this Court in exercise of its writ jurisdiction.

FACTUAL MATRIX

4. In order to appreciate the controversy involved in the present Petition, the relevant facts, in brief, are required to be noticed.

5. The Petitioner is a partnership concern engaged in the business of manufacture and supply of printed material, including labels, stickers, bar-code stickers and bar-code labels. The Petitioner was registered under the GST regime with GSTIN 07AACFS7261F1Z7 with effect from 01.07.2017.

6. The DGGI/DZU commenced an investigation into the affairs of the Petitioner. In the course of the said investigation, searches were conducted at the premises of the Petitioner on 21.12.2020. The Show Cause Notice dated 03.08.2024 records that the investigation disclosed alleged fraudulent availment and utilisation of inadmissible Input Tax Credit [‘ITC’] on the strength of invoices issued by various firms without actual supply of goods.

7. The aforesaid Show Cause Notice, *inter alia*, records that while the Petitioner was procuring certain goods which were commensurate with its outward supplies, it had allegedly availed ITC against invoices pertaining to polycarbonate sheets, metallised paper and coated/uncoated paper without corresponding receipt of the goods. The notice refers to the searches conducted at the premises of the Petitioner and the material gathered during the investigation. On the basis thereof, the DGGI proposed recovery of allegedly wrongly availed ITC under Section 74(1) of the CGST Act, along with applicable interest and penalty.

8. Independently, the State GST authorities had initiated proceedings against the Petitioner under Section 73 of the DGST Act. A Show Cause Notice dated 25.09.2023 was issued in respect of the period July 2017-March 2018, while another Show Cause Notice dated 08.12.2023 was issued in respect of the period April 2018-March 2019. A further Show Cause Notice dated 20.05.2024 was issued in respect of the period April 2019-March 2020. The Petitioner states that the aforesaid proceedings concerned alleged availment of ineligible ITC from cancelled/non-existent suppliers.

9. The State GST proceedings thereafter culminated in orders confirming demands. The record placed before the Court refers to an order dated 27.04.2024 in respect of the proceedings for the period April 2018-March 2019 and an order dated 29.08.2024 in respect of the proceedings for the period April 2019-March 2020. The Petitioner relies upon the aforesaid proceedings to contend that the issue of alleged wrongful availment of ITC for the relevant period had already been examined and adjudicated by the State GST authorities.

10. The DGGI thereafter issued the Show Cause Notice dated 03.08.2024 under Section 74 of the CGST Act, proposing, *inter alia*, recovery of allegedly wrongly availed ITC for the period July 2017 to 31st March 2024, together with applicable interest and penalty. The said notice was made answerable to the competent Central GST adjudicating authority.

11. The principal grievance of the Petitioner is that the proceedings initiated by the DGGI relate to the very same subject matter which had already been the subject of proceedings before the State GST authorities. According to the Petitioner, the initiation of proceedings under the CGST Act was, therefore, expressly barred by Section 6(2)(b) of the CGST Act.

12. The present Writ Petition was instituted on 14.01.2025. On 23.01.2025, this Court issued notice, including on the application seeking interim relief. Since no order staying the adjudication proceedings had been passed, the Petitioner submitted an interim reply dated 30.01.2025 before the adjudicating authority and also informed

the authority of the pendency of the present proceedings before this Court.

13. Thereafter, the competent Central GST adjudicating authority passed Order-in-Original No. 87/CGST WEST/GST/S GARG/ADC/2024-25 dated 31.01.2025, whereby, *inter alia*, the allegedly ineligible ITC of Rs.5,71,00,237/- was disallowed and confirmed under Section 74 of the CGST Act, together with applicable interest and penalty. The Petitioner thereafter sought amendment of the present Writ Petition so as to assail the said Order-in-Original as well.

CONTENTIONS OF THE PARTIES

14. Contentions of the Petitioner

14.1 Learned counsel for the Petitioner submitted that Section 6(2)(b) of the CGST Act creates an express statutory embargo against initiation of proceedings by a proper officer under the CGST Act where a proper officer under the State GST enactment has already initiated proceedings on the same subject matter.

14.2. It was submitted that the State GST authorities had initiated three separate proceedings against the Petitioner in respect of financial years 2017-18, 2018-19 and 2019-20, concerning the alleged wrongful availment of ITC from cancelled/non-existent suppliers. It was submitted that the said proceedings were initiated on 25.09.2023, 08.12.2023 and 20.05.2024, respectively, and that the State GST proceedings had also culminated in adjudication, with demands having been confirmed.

14.3. It was further submitted that the subsequent Show Cause Notice dated 03.08.2024 issued by the DGGI concerns the alleged wrongful availment/utilisation of ITC for the very same period, namely July 2017 to March 2020, and therefore pertains to the same subject matter which had already been taken up by the State GST authorities. It was submitted that the Central authorities could not initiate parallel proceedings in respect of the same alleged availment of ITC merely because the proceedings were initiated pursuant to an intelligence-based investigation or because the allegations were subsequently characterised as involving fraud, wilful misstatement or suppression of facts.

14.4. It was next submitted that the fact that the DGGI invoked Section 74 of the CGST Act, whereas the State GST authorities had proceeded under Section 73, does not alter the statutory prohibition contained in Section 6(2)(b). According to learned counsel, the relevant consideration for the purposes of Section 6(2)(b) is the identity of the subject matter of the proceedings and not the particular provision under which the subsequent proceedings are sought to be instituted.

14.5. Reliance was placed upon the departmental guidelines dated 08.02.2024, which, according to learned counsel, require coordination between the Central and State tax authorities where both authorities are examining the same taxpayer and contemplate consideration of the feasibility of one authority pursuing the subject matters. It was submitted that, in the present case, there is nothing in the impugned Show Cause Notice to demonstrate compliance with the aforesaid guidelines despite the State GST authorities having already initiated proceedings in respect of the relevant period.

14.6. Further reliance was placed upon the decisions of various High Courts, including ***Toyota Kirloskar Motors Pvt. Ltd. v. Union of India***, (2024) 24 Centax 48 (Kar.), ***Rajesh Mittal v. Union of India***, (2024) 16 Centax 28 (Gau.), as well as the orders passed by this Court in ***M/s Aastha Apparels Pvt. Ltd. v. Directorate General of GST Intelligence & Ors.***, W.P.(C) 16293/2024, to contend that parallel proceedings by the Central and State GST authorities in respect of the same subject matter are impermissible.

14.7. It was further submitted that the objection under Section 6(2)(b) goes to the very jurisdiction of the authority which issued the Show Cause Notice. It is therefore contended that the availability of an appellate remedy should not preclude this Court from examining the jurisdictional objection raised by the Petitioner.

15. <u>Contentions of the Respondents</u>

15.1 *Per contra*, learned counsel for the Respondents submitted that the challenge founded upon Section 6(2)(b) of the CGST Act is a matter which can appropriately be examined in the statutory appellate proceedings after the passing of the Order-in-Original.

15.2. It was submitted that the investigation by the DGGI/DZU against the Petitioner had commenced on 04.12.2020, pursuant to which searches were conducted on 21.12.2020, whereas, according to the information furnished by the State GST authorities *vide* communication dated 31.01.2025, proceedings against the Petitioner were initiated by the State authorities subsequently. It was, therefore, contended that the chronology itself is a matter which may be examined in accordance with law by the competent statutory authority.

15.3. It was further submitted that, in any event, the proceedings initiated by the State GST authorities and those arising from the DGGI investigation do not concern the same subject matter. According to the Respondents, the State GST proceedings were based upon scrutiny of the returns filed by the Petitioner and concerned discrepancies such as differences in turnover reflected in GSTR-1 and GSTR-9, ineligible ITC including blocked credit under Section 17(5), unpaid liabilities declared in the returns, excess ITC, ITC allegedly availed from cancelled suppliers and discrepancies involving e-way bills and turnover.

15.4. In contrast, it was submitted that the proceedings initiated by the DGGI arose from an independent and detailed investigation, including searches conducted at the premises of the Petitioner and other entities. The investigation, according to the Respondents, revealed a modus operandi involving fraudulent availment and utilisation of ITC on the strength of bogus invoices without actual supply or movement of goods. It was submitted that the DGGI proceedings were founded upon material gathered during such investigation and were not merely a consequence of return scrutiny.

15.5. It was accordingly submitted that, although both sets of proceedings relate to ITC and cover overlapping financial periods, the nature of the allegations, factual foundation, material relied upon and contraventions sought to be adjudicated are materially different.

15.6. It was further submitted that the distinction between the proceedings under Sections 73 and 74 of the CGST Act is also material. Reliance was placed upon the judgment of this Court in ***M/s PEI Industries v. Union of India & Ors.***, W.P.(C) 7725/2026, decided on 29.05.2026, and upon the judgment of the Supreme Court in ***M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate & Anr.***, 2025 INSC 982.

15.7. It was submitted that the departmental guidelines dated 08.02.2024 would also have to be considered in the context of the statutory scheme and the nature of the two proceedings.

15.8. It was lastly submitted that, since the Order-in-Original dated 31.01.2025 has already been passed, the Petitioner has an efficacious statutory remedy of appeal under Section 107 of the CGST Act. It was contended that all grievances of the Petitioner, including the objection under Section 6(2)(b), can be raised before the competent appellate authority.

ANALYSIS & FINDINGS

16. This Court has heard learned counsel for the parties at considerable length and carefully perused the material on record.

17. The present Petition was instituted on 14.01.2025 challenging

the Show Cause Notice dated 03.08.2024 issued by the DGGI/DZU. During the pendency of the present proceedings, the competent adjudicating authority proceeded with the adjudication and passed the Order-in-Original dated 31.01.2025. The Petitioner thereafter sought to bring the said Order-in-Original within the scope of challenge in the present proceedings.

18. Thus, the position obtaining as on date is materially different from the position which existed when the Writ Petition was instituted. The challenge is no longer confined to a Show Cause Notice. An Order-in-Original has since been passed determining the liability of the Petitioner.

19. Once an Order-in-Original has been passed, the statutory scheme provides a remedy of appeal against such order under Section 107 of the CGST Act. The Petitioner would, therefore, have an opportunity to challenge the Order-in-Original before the competent appellate authority in accordance with law.

20. The principal objection raised by the Petitioner is founded upon Section 6(2)(b) of the CGST Act. According to the Petitioner, the State GST authorities had already initiated proceedings in respect of the same subject matter and, consequently, the DGGI/DZU could not have initiated the proceedings pursuant to the Show Cause Notice dated 03.08.2024.

21. The said contention involves examination of the nature, scope and factual foundation of the proceedings initiated by the State GST authorities as well as those initiated by the DGGI/DZU. The rival

submissions of the parties demonstrate that there is a dispute as to the nature of the respective proceedings, the transactions and ITC covered by them, the factual material forming their respective foundations, and the extent, if any, of the alleged overlap between the two proceedings.

22. The Petitioner has relied upon the State GST Show Cause Notices dated 25.09.2023, 08.12.2023 and 20.05.2024 and the orders passed pursuant thereto. The Respondents, on the other hand, contend that the State proceedings concerned return-based discrepancies and particular instances of ineligible ITC, whereas the DGGI proceedings arose from an intelligence-based investigation into alleged fraudulent availment and utilisation of ITC on invoices without actual supply of goods.

23. The question whether the two sets of proceedings concern the "same subject matter" within the meaning of Section 6(2)(b) of the CGST Act would consequently require examination of the relevant proceedings, the allegations contained therein, the transactions and liabilities covered by them, and the material forming their respective foundations.

24. This Court is not inclined to undertake such an examination in exercise of its extraordinary jurisdiction under Article 226 of the Constitution of India, particularly when the Order-in-Original dated 31.01.2025 has already been passed and a statutory appellate remedy is available to the Petitioner.

25. The objection raised by the Petitioner under Section 6(2)(b) is undoubtedly one of the grounds which can be urged before the

competent appellate authority. The appellate authority would also be in a position to examine the challenge to the findings recorded in the Order-in-Original and the demand confirmed therein, in accordance with the statutory scheme.

26. It is, therefore, not necessary for this Court, while exercising writ jurisdiction, to express any opinion on whether the proceedings initiated by the State GST authorities and the DGGI/DZU are proceedings concerning the same subject matter. That question is left open.

27. Likewise, this Court does not consider it appropriate to examine, in the present proceedings, the rival assertions concerning the date on which the respective investigations or proceedings commenced, the effect of the searches conducted by the DGGI/DZU, or the nature and scope of the proceedings undertaken by the State GST authorities.

28. The reliance placed by the Petitioner upon the decisions concerning Section 6(2)(b) of the CGST Act, including ***Toyota Kirloskar Motors Pvt. Ltd*** (supra), ***Rajesh Mittal*** (supra) and ***M/s Aastha Apparels Pvt. Ltd.*** (supra), may also be urged before the competent appellate authority. This Court does not consider it appropriate, at this stage, to examine the applicability or otherwise of the said decisions to the facts of the present case.

29. Similarly, the reliance placed by the Respondents upon ***M/s PEI Industries*** (supra), ***M/s Armour Security (India) Ltd.*** (supra), or any other decision, is also left open for consideration before the

competent statutory authority.

30. This Court also expresses no opinion on the effect, if any, of the departmental guidelines dated 08.02.2024 upon the proceedings in question. The Petitioner would be at liberty to raise its contentions in this regard before the appellate authority in accordance with law.

31. It is also relevant to note that the Petitioner has challenged not only the jurisdiction of the DGGI/DZU but also the consequential Order-in-Original dated 31.01.2025, whereby a demand of Rs.5,71,00,237/- has been confirmed under Section 74 of the CGST Act, along with applicable interest and penalty.

32. The correctness of the demand, the factual findings recorded in the Order-in-Original, the evidentiary material relied upon by the adjudicating authority, the applicability of the statutory provisions invoked, and all other grounds available to the Petitioner are matters which can be considered in the statutory appellate proceedings.

33. The mere fact that the present Writ Petition had been instituted before the passing of the Order-in-Original would not require this Court to adjudicate the challenge to the Order-in-Original in the first instance, particularly when the statutory appellate mechanism is available after the adjudication order has been passed.

34. The Court is also conscious that the Petitioner has raised a jurisdictional objection. However, in the facts of the present case, the jurisdictional objection is itself founded upon the applicability of Section 6(2)(b) of the CGST Act and requires examination of the

nature and scope of the earlier and subsequent proceedings. In view of the statutory remedy now available against the Order-in-Original, this Court considers it appropriate to leave the said issue open for consideration before the competent appellate authority.

35. Nothing stated in the present judgment shall, therefore, be construed as an expression of opinion on the merits of the Petitioner's objection under Section 6(2)(b) of the CGST Act or on any other contention raised by either party.

36. The Petitioner shall be at liberty to urge all grounds available to it in law and on facts before the competent appellate authority, including the objection under Section 6(2)(b) of the CGST Act, the contention regarding the alleged overlap between the State GST and DGGI proceedings, the challenge to the factual and evidentiary basis of the demand, and all other grounds available against the Order-in-Original dated 31.01.2025.

37. The appellate authority shall consider the aforesaid contentions in accordance with law and uninfluenced by any observation contained in the present judgment.

CONCLUSION

38. In view of the fact that the Order-in-Original dated 31.01.2025 has already been passed and the Petitioner has an efficacious statutory remedy of appeal under Section 107 of the CGST Act, this Court is not inclined to entertain the present Writ Petition.

39. The Petitioner is accordingly relegated to the statutory remedy

available under the CGST Act. It shall be open to the Petitioner to avail the said remedy in accordance with law and to raise all contentions available to it, including those raised in the present Writ Petition.

40. It is clarified that this Court has not expressed any opinion on the applicability of Section 6(2)(b) of the CGST Act, the question as to whether the proceedings initiated by the State GST authorities and the DGGI/DZU concern the same subject matter, or on the merits of the demand confirmed by the Order-in-Original dated 31.01.2025. All such issues are left open for consideration by the competent statutory authority in accordance with law.

41. Accordingly, the present Writ Petition, along with the pending application, stands dismissed.

ANIL KSHETARPAL, J.

SHAIL JAIN, J.

SEPTEMBER 18, 2026
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