

Manikanta Electronics Services Center v. State of Telangana, Department of Commercial Tax and Others

Case number: Writ Petition No. 1388 of 2026

Decision date: 19 January 2026

GST liability after voluntary cancellation; fact-specific refusal to reopen a Section 73 assessment; conditional statutory appeal

Court: Telangana High Court, Hyderabad

Bench: Hon'ble the Chief Justice Sri Aparesh Kumar Singh and Hon'ble Sri Justice G.M. Mohiuddin

Decision stage: Final writ disposal rejecting the cancellation and notice grounds for reconsideration, while preserving a conditional appeal on law and facts; no full adjudication of tax quantum.

01 Facts of case and issues

The petitioner installed and serviced electronic appliances. It voluntarily cancelled its GST registration on 21 June 2021, indicating zero tax liability, because the business was not encouraging. It challenged the assessment order dated 22 August 2024 imposing tax, interest and penalty for FY 2019-20 and the rejection of rectification dated 26 November 2025. Its central contention was that, following cancellation, it had no reason to continue checking the GST portal for the show-cause notice dated 28 May 2024 and the resulting order.

The rectification application had been rejected because it sought re-examination of the whole subject matter beyond Section 161; the petitioner had also failed to attend the rectification hearing despite notice. Counsel sought a remand to enable a defence before the proper officer and relied on *M/s. Katyal Industries v. State of UP and two others*. The writ's accompanying applications requested suspension of bank attachment and a stay of further recovery. These were prayers, not relief already granted.

Pinpoint: Caption and applications, physical pp. 1-2; paragraphs 2-3, physical pp. 3-4 (order-body pp. 1-2).

02 Discussion by Hon'ble Court

Revenue invoked Section 29(3), which preserves pre-cancellation obligations even when liability is detected later, and pointed to the portal communication and non-attendance at rectification. It accepted that the petitioner could pursue the available grounds in a statutory appeal.

The Court's own paragraph 6 holds that cancellation does not absolve the taxpayer of existing liability. This is a legal conclusion of the Bench, not merely Revenue's submission. The Court then examines the particular notice history. The assessment concerned alleged incorrect declaration of input/output taxes for FY 2019-20 under Section 73. It records service through the common portal of the show-cause notice with DRC-01, an opportunity to object or pay through DRC-03 by 30 June 2024, no reply, three or four reminders and a personal-hearing opportunity. On that record, paragraph 7 finds no infirmity warranting interference for reconsideration.

02 Discussion by Hon'ble Court

The order does not analyse Section 169 or prescribe a universal rule that every portal upload is effective service after cancellation. Nor does it independently work through the disputed tax computation or identify the amount demanded. The recital of the Section 161 rejection explains the procedural history; it is not a detailed ruling on every aspect of rectification jurisdiction. Katyal is recorded as the petitioner's authority without a separate reasoned discussion of that judgment.

Pinpoint: Paragraphs 4–7, physical pp. 5–7 (order-body pp. 3–5); Section 161 history and Katyal reliance at paragraphs 2–3, physical p. 4.

03 Judicial decision and operative relief

The Court declined to interfere with the impugned order for reconsideration. It nevertheless preserved liberty to appeal on all available grounds of law and fact. If the petitioner preferred that appeal within two weeks with the statutory pre-deposit, the appellate authority was to consider it in accordance with law.

The writ was disposed of without costs, and pending miscellaneous applications were closed. There is no express order quashing the assessment or rectification rejection, remanding the assessment, staying recovery, or releasing the bank account.

The two-week opportunity in this January 2026 order is a historical, case-specific window and has elapsed by the review date. It does not reopen time for any taxpayer reading this note. The operative wording does not expressly identify the starting trigger or give an unconditional direction to disregard limitation; this note does not supply either. Appeal filing, pre-deposit, any later extension and the appellate result were not verified.

Pinpoint: Paragraph 7, physical pp. 6–7 (order-body pp. 4–5); unnumbered disposal and miscellaneous-application directions on physical p. 7; prayer for interim relief at physical p. 2.

04 In favour of

Predominantly Revenue on the writ challenge: cancellation did not extinguish existing liability and reconsideration was refused on the recorded notice history. The taxpayer received only conditional liberty to pursue a statutory appeal. No final merits victory on the tax, interest or penalty.

A substantive but narrow holding on survival of pre-cancellation liability, combined with a fact-specific refusal of writ interference and conditional appellate liberty. The Court did not undertake a full adjudication of tax quantum, grant a general post-cancellation service exemption, or decide the eventual appeal.

Pinpoint: Paragraphs 6–7 and closing disposal, physical pp. 5–7 (order-body pp. 3–5).

05 AKHB REVIEW POINT

AKHB analysis: A voluntary cancellation recording zero liability should not be treated as a clearance certificate for earlier tax periods. Preserve the cancellation application and order, returns, reconciliations, notices, complete portal downloads, communications and hearing records. Continue checking for pre-cancellation proceedings and act promptly on actual knowledge. Whether service and hearing were legally sufficient still depends on the applicable provisions, evidence and jurisdiction.

Separate an error apparent on the record from a request to reargue the assessment. A rectification request should not be assumed to replace an appeal or keep appeal time open. Where relying on this order's appellate liberty, obtain the actual filing acknowledgement and pre-deposit proof, and check later orders before assuming that the condition was met or that recovery was stayed.

Use the correct judgment identity. W.P. 1388/2026 concerns FY 2019-20, a cancellation date of 21 June 2021 and the assessment dated 22 August 2024. The same petitioner's separate W.P. 1362/2026, also decided on 19 January 2026, concerns FY 2018-19 and records different cancellation and assessment dates. Findings or reporter references for that separate writ should not be silently imported here. This note makes no nationwide claim about portal-only service and does not extend a Section 73 assessment framework mechanically to later tax periods.

Pinpoint: AKHB commentary based on paragraphs 2, 4, 6-7, physical pp. 3-7; separate official W.P. 1362/2026, paragraph 2 on physical pp. 3-4; statutory checks below. Recommendations are distinct from the holding.

Sources and limitations

Relevant provisions

Constitution of India: Article 226. CGST Act 2017: Section 29(3), Section 73 and Section 161. The caption also invokes the Telangana Goods and Services Tax Act 2017. CGST Rules 2017: paragraph 6 names Rule 142(2)/142(3), DRC-01 and DRC-03; the form/sub-rule distinction is explained below. Sections 107, 169 and 74A are reviewed as statutory context, not separately reasoned holdings in this order. Section 151 CPC appears only in the interim applications.

Statutory note

Checked 13 October 2026. India Code's CGST Act compilation, marked as at 11 June 2026, confirms Section 29(3)'s survival of pre-cancellation tax, dues and obligations whether determined before or after cancellation. Section 161 addresses errors apparent on the record. Section 107 ordinarily allows a taxpayer three months from communication to appeal and one further month on sufficient cause; subsection (6) governs required payments and subsection (7) the deemed stay of balance recovery. These statutory consequences are distinct from an express bank-release order, which Manikanta does not make. Section 169(1)(d) lists the common portal as a service method. Sections 73/74 now concern periods through FY 2023-24; Section 74A concerns FY 2024-25 onwards.

The Telangana Commercial Taxes Department's available TGST Act compilation independently reproduces the same survival rule at Section 29(3), physical p. 51. It is a historical compilation, not certification of every later State amendment.

The retained official CBIC Rules compilation as at 1 January 2022 distinguishes Rule 142(1)(a), which provides the electronic DRC-01 summary accompanying a notice, from sub-rules (2)/(3), which address payment intimations through DRC-03 and related acknowledgement or conclusion. Thus paragraph 6's reference to DRC-01 under Rule 142(2)/142(3) should not be reproduced as a precise statutory mapping. The fresh CBIC endpoint returned an error; the retained compilation was text-checked at the identified provisions. These are targeted checks, not a whole-statute, all-amendment or all-State-law audit.

Treatment note

Checked 13 October 2026. Bounded searches used the exact party name and W.P. 1388/2026 with review, appeal, SLP and stay terms, including Telangana High Court and Supreme Court domains. They did not establish a direct later judgment, review order or appellate stay changing this order. A case-specific query of the official Telangana registry succeeded on 13 October 2026: CNR HBHC010023652026 identifies W.P. 1388/2026 as disposed of without costs on 19 January 2026, with the same parties and Bench. Its displayed order list contains the final order and an IA 1/2026 daily order, both dated 19 January 2026. This is a dated High Court docket snapshot, not a certification of all subsequent proceedings. The Supreme Court party-name page was inspected but no case-specific Supreme Court registry result was obtained. Absence of a matching indexed result is not proof that no appeal or later order exists; comprehensive registry or citator clearance is not claimed.

The official same-day W.P. 1362/2026 was retrieved and checked at its identity and factual passages. It is a separate assessment dispute, not later treatment or an appeal from W.P. 1388/2026. Secondary reports of that case were treated only as research leads. Katyal's citation, 2024(2) TMI 1447, is visible in the Manikanta footnote; an independently authenticated official copy of that exact cited decision was not obtained in this check. Its ratio and current treatment are therefore not used as independent propositions in this note. Subsequent appeal compliance, recovery and bank-account status also remain unverified.

Scope of source review

All eight physical pages of the original were fully read and individually visually inspected: two caption/application pages, the five-page order body and the closing dispatch sheet. The order body begins at physical p. 3 and its printed pp. 2–5 correspond to physical pp. 4–7. Statutory sources were checked only at the identified provisions. W.P. 1362/2026 was text-checked at physical pp. 3–7 and its physical p. 3 was visually inspected for identity; no full visual review of that separate writ is claimed. The underlying notice, reminders, hearing records, assessment and rectification applications/orders were not separately obtained.

Source notes

No neutral citation, reporter citation, reserved date, reportability designation or individual judgment-author attribution was identified anywhere in the eight-page official order. Those optional fields are omitted. The exact case number is W.P. 1388/2026. The date 19 January 2026 appears on both captions and the final cover; the dispatch stamp on physical p. 8 reads 4 February 2026 and is not the decision date. All substantive paragraph references use the order's own numbers, ending at paragraph 7; the closing disposal paragraphs are unnumbered.

The original is scanned with imperfect OCR. The rule reference is visibly Rule 142(2)/142(3), not an OCR reconstruction. The caption's relief requests must not be confused with the operative order. The source records the show-cause notice as coming after three years of cancellation; the exact dates, 21 June 2021 and 28 May 2024, are retained without converting that approximation into an elapsed-time finding. No monetary demand figure is stated.

The fresh official PDF and retained original have identical bytes and SHA-256. The original source was not changed. Cryptographic signature validation is not claimed. The separate same-day W.P. 1362/2026 has a different source hash, tax period, cancellation date and assessment date.

Primary source

Source description: Complete eight-page official scanned order with OCR text; all pages read and individually viewed. Fresh official download on 13 October 2026 matches the retained original byte for byte.

Official source: [Open source document](#)

Source pages: 8

Outcome type: limited rejection of writ grounds with conditional appeal liberty

Additional source

India Code CGST Act compilation as at 11 June 2026

Official source: [Open source document](#)

Pinpoint: Targeted official web text: physical p. 41, Section 29(3); pp. 67–71, Sections 73/74A; pp. 85–86, Section 107; p. 120, Section 161; p. 122, Section 169. Direct file downloads timed out; no whole-Act or complete visual review claimed.

Telangana Commercial Taxes Department TGST Act compilation

Official source: [Open source document](#)

Pinpoint: Physical p. 51, Section 29(3), targeted official web-text check; historical compilation with amendments through at least 2022, not a complete current amendment audit.

CBIC CGST Rules compilation as at 1 January 2022

Official source: [Open source document](#)

Pinpoint: Physical pp. 163–164, printed pp. 160–161: Rule 142(1)–(7); retained official historical text checked after fresh endpoint failure.

Manikanta Electronics Services Center, separate W.P. 1362/2026, 19 January 2026

Official source: [Open source document](#)

Pinpoint: Physical pp. 3–4, caption and paragraph 2: FY 2018-19, assessment dated 22 April 2024 and cancellation dated 16 July 2021. Identity comparison only; not later treatment of W.P. 1388/2026.

Telangana High Court official case-status registry, W.P. 1388/2026

Official source: [Open source document](#)

Pinpoint: Case-type WP, number 1388, year 2026; CNR HBHC010023652026. Case-specific result checked 13 October 2026: disposed without costs on 19 January 2026; two displayed order entries share that date. Dated registry snapshot, not comprehensive appellate clearance.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official judgment and identified primary sources. No human legal review is claimed.

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Source checked: 13 October 2026

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