

M/s Tata Steel Limited v. Union of India through the Secretary, Ministry of Finance & Ors.

Case number: Civil Appeal No. 12020 of 2026, arising out of SLP (C) No. 16859 of 2026 (appeal number verified from the official Court diary result; blank in the signed judgment)

Citation: 2026 INSC 920

Decision date: 2026-08-25

Foundational facts and independent satisfaction for a section 74 GST notice; limitation and liberty for fresh proceedings

Court: Supreme Court

Bench: J.B. Pardiwala and K. Vinod Chandran, JJ.; judgment by K. Vinod Chandran, J.

Decision stage: Final judgment allowing the appeal with express liberty for fresh proceedings

01 Facts

Tata Steel challenged a show-cause notice described as one under section 74 for FY 2018-19, FY 2019-20 and FY 2020-21. The dispute arose from Comptroller and Auditor General audit observations concerning input tax credit mismatch for the three years and alleged short payment of tax for FY 2019-20. An initial communication dated 27 May 2024 was followed by replies, a request for supporting documents dated 27 June 2024 and further correspondence. The SCN was issued on 13 June 2025. On 27 June 2025, the Additional Commissioner said it had been transferred to the call book, meaning kept in abeyance, and that the Department had contested the audit objection before the Public Accounts Committee. A notice dated 1 July 2025 revived the earlier notice and proposed a protective demand because the proceedings were time-bound. Tata Steel argued that section 74 could not be invoked without allegations of fraud, wilful misstatement or suppression supported by facts. The Department argued that proceedings had begun before normal limitation expired and relied on suppression and the former Explanation 2 to section 74. A consequential Order-in-Original was made on 26 December 2025. The issues were whether the notice was sustainable within normal limitation or under section 74, and whether it disclosed the requisite satisfaction and foundational facts.

Pinpoint: Paragraphs 2-4 and 9-10; official PDF pages 1-2 and 6-7. Consequential order identified in paragraph 15, page 9.

02 Court Discussion

On limitation, the Court considered the annual-return extensions and the COVID-era limitation exclusion. On its calculation for these three financial years, the normal three-year period ended on 28 February 2025; the SCN dated 13 June 2025 came after that date. Paragraph 12 expressly distinguishes the section 73(10) deadline for an order under section 73(9) from section 73(2), which requires notice at least three months before that deadline. Prior audit correspondence therefore did not answer the limitation objection. The longer section 74 period required the relevant fraud, wilful misrepresentation or suppression foundation. The assessing officer had to reach an independent satisfaction both as to the mismatch or short payment and as to its connection with the alleged misconduct; an audit objection alone did not provide that satisfaction. Here, the Department itself had contested the objection before the Public Accounts Committee, and the notice supplied only a bare assertion of unsupported ITC and suppression. The Court held that the facts supporting the inference of fraud, wilful misrepresentation or suppression must be evident in the

notice itself. Mechanical repetition of statutory language does not establish application of mind or justify using extended limitation. The Court also rejected reliance on Explanation 2 to section 74 in light of its omission effective 1 November 2024, as recorded in paragraph 12. It observed that the GST Act did not statutorily permit the protective-assessment measure attempted here. The conclusion was about these defective proceedings; the Court did not determine the underlying ITC entitlement or tax shortfall conclusively.

Pinpoint: Paragraphs 5-8 and 11-15; official PDF pages 3-9. Order/notice distinction: paragraph 12, page 8. Independent satisfaction and notice facts: paragraphs 11 and 13-15, pages 7-9. Protective demand: paragraph 10, page 7.

03 Decision

The Court set aside the SCN and the consequential Order-in-Original dated 26 December 2025. It expressly reserved liberty to the Department, if it considered fit, to initiate an appropriate proceeding under section 74 with the foundational facts disclosed in the notice itself and an order passed before 28 February 2027. The Court reasoned that the additional two-year period had not yet expired, taking 28 February 2025 as the expiry of the normal three-year period for all three years in this case. The appeal was allowed with that reservation and liberty, and pending applications were disposed of. The date relates to passing the fresh order, not merely issuing a new notice. The judgment does not say that fresh proceedings were in fact initiated or that the Department must necessarily initiate them.

Pinpoint: Paragraphs 15-17; official PDF pages 9-10. The precise reservation, order deadline and allowance of the appeal appear on page 10.

04 In Favour Of

Tata Steel on quashing the existing proceedings; Revenue retains conditional liberty for fresh section 74 proceedings

In favour of Tata Steel as to the challenged notice and consequential adjudication, both of which were set aside. This is final disposal of the appeal with qualified procedural relief, not final tax immunity or an unconditional merits determination that the disputed ITC was admissible or no tax was payable. The Department retained express liberty for properly founded fresh section 74 proceedings, subject to the Court's stated conditions and deadline. It should not be described simply as an unqualified taxpayer victory or as a remand directing confirmation of a demand.

Pinpoint: Paragraphs 15-16; official PDF pages 9-10.

05 AKHB REVIEW POINT

AKHB REVIEW POINT: Review the actual SCN, its annexures and the audit-response record to identify the specific facts said to constitute fraud, wilful misstatement or suppression and their causal connection with the alleged tax or ITC discrepancy. Distinguish independent officer satisfaction from reproduction of an audit objection. Prepare a limitation chronology separating the deadline for the order from the earlier deadline for service of the notice; do not assume preliminary correspondence preserves a later time-barred demand. This judgment provides a focused basis to challenge a notice that merely recites suppression to reach extended limitation, but it does not establish that every audit-based notice is invalid. Where fresh proceedings are expressly permitted, preserve the documents and assess the new notice and its timing on their own terms. In this case the Court required the order to be passed before 28 February 2027. Verify actual subsequent notices, orders, review or modification proceedings before advising that this liberty has

been used or remains operative without change. The judgment's calculation concerns these three financial years and this record; it is not a universal GST limitation calendar. For another year or statutory regime, independently verify the applicable provisions, extensions, exclusions and amendments rather than transferring these dates automatically.

Pinpoint: AKHB analysis based on paragraphs 5-15; official PDF pages 3-10. Express fresh-proceeding conditions: paragraph 15, pages 9-10.

Sources and limitations

Relevant provisions

Central Goods and Services Tax Act, 2017: sections 73(1), 73(2), 73(9), 73(10), 74 and 44, as considered for FY 2018-19 to FY 2020-21

Explanation 2 to section 74: omission with effect from 1 November 2024, as addressed in paragraph 12

Central Goods and Services Tax Rules, 2017: rule 80 and annual-return extensions discussed in the judgment

Suo Motu Writ Petition (C) No. 3 of 2020, In Re: Cognizance for Extension of Limitation, as applied in paragraph 7

Statutory note

Historical-period qualification: the Court considered FY 2018-19 to FY 2020-21 and the notice issued in June 2025. This note reports its express case-specific conclusions on limitation and its treatment of the omission of Explanation 2 to section 74; it does not independently certify every annual-return extension or every intermediate date in the judgment. Paragraph 12 makes clear that section 73(10) controls the final order and section 73(2) imposes the earlier notice requirement. Later financial years or proceedings under other demand provisions need a separate statutory analysis. No comprehensive statutory or notification update through 12 October 2026 has been completed.

Treatment note

Primary judgment and available official diary metadata checked on 12 October 2026. No comprehensive subsequent-treatment, review/clarification-order or fresh-adjudication docket check has been completed. The express liberty in paragraph 15 does not prove that fresh proceedings are currently pending, and this note makes no such claim. The stated 28 February 2027 date is the Court's original order deadline, subject to verification of any later judicial development. This AI-assisted AKHB research note is based on identified primary material; it is not evidence of human legal review and is not a substitute for professional advice on a particular case.

Scope of source review

Complete 10-page judgment read, comprising the opening grant of leave and paragraphs 2-17. Title, neutral citation and author checked on the cover; bench and date checked on the signature page. The signed cover leaves the civil appeal number blank and identifies SLP (C) No. 16859 of 2026. The official Supreme Court diary search for Diary No. 28063 of 2026 independently identifies Civil Appeal No. 12020 of 2026 and the same judgment date and URL. No connected appeal is listed in the judgment. Merits and relief are drawn from the complete original, not the diary entry.

Primary source

Source description: Supreme Court of India official signed judgment dated 25 August 2026

Official source: [Open source document](#)

AKHB source PDF: [Open source document](#)

Judges: J.B. Pardiwala; K. Vinod Chandran

Outcome kind: final

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