

Parallel proceedings cannot be initiated by State GST authorities on the same subject matter: The Hon'ble Calcutta High Court

Fact of the Case

Raj Metal Industries ("the Petitioner") has filed this petition challenging the actions initiated by the State GST Authorities ("the Respondent") with respect to summons issued dated October 19, 2020 under Section 70 of the WBGST Act and blocking of the electronic credit ledger on December 8, 2020 being challenged the vires of Rule 86A of the West Bengal Goods and Services Tax Rules, 2017 ("the WBGST Rules")/ Central Goods and Services Tax Rules, 2017 ("the CGST Rules") & Section 16(2)(c) of the WBGST Act/ CGST Act. Further, the proceedings were already pending against the Petitioner on the same subject matter under the CGST Act.

Issues:

Whether the summon issued and proceedings initiated by the Respondent is in violation of the Section 6(2)(b) of the WBGST Act?

Decision of the Case

The Hon'ble Calcutta High Court in W. P. A. 1629 of 2021, dated March 24, 2021 held as under:

- Noted that, as per Section 6(2)(b) of the WBGST Act, where a proper officer under CGST Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under the WBGST Act on the same subject matter.
- Stayed the summons and proceedings thereunder and held that the summons issued by the Respondent is, prima facie, in violation of Section 6(2)(b) of the WBGST Act.
- Clarified that, the order passed shall not preclude the CGST Authorities to proceed in accordance with law and to continue with any proceedings that have been initiated by them.
- Directed to exchange the affidavits w.r.t. challenging vires of Rule 86A of the WBGST Rules/ CGST Rules and Section 16(2)(c) of the WBGST Act/ CGST Act. Listed the matter after completion of exchange.

The Hon'ble Calcutta High Court in Raj Metal Industries & Anr. V.UOI & Ors. stayed the summons issued and proceedings initiated thereunder against assessee by the State GST Authorities since the proceedings were already pending on same subject matter under Central Goods and Services Tax Act, 2017 ("the CGST Act"). Held that, the summons issued is, prima facie, in violation of Section 6(2)(b) of the West Bengal Goods and Services Tax Act, 2017 ("the WBGST Act")