

# CASE ALERT

**Mercedes Benz India Pvt Ltd. vs. State Tax & Ors.  
[Order dated 16.10.2024 in W.P. Nos. 22693,  
22694 & 22758 of 2024]**

The Hon'ble Telangana High Court in this matter examined a GST dispute arising under the Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as the "IGST Act") and the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the "CGST Act") along with the Telangana State Goods and Services Tax Act, 2017 (hereinafter referred to as the "TSGST Act").

The petitioner, Mercedes Benz India Pvt Ltd., challenged the show cause notice issued under the CGST/TSGST Act despite having paid GST under the IGST Act. The petitioner claimed to have paid INR 93 crores as GST under the IGST Act. However the GST Department issued a show cause notice dated 16.03.2024 under the CGST/TSGST Actr demanding the tax to be paid on the same transaction under the latter. The petitioner contended that similar payments under the IGST Act had been accepted in other cases and that he was being subjected to discriminatory treatment. Moreover the petitioner sought exemption from the statutory requirement of depositing 10% of the disputed tax before filing of the appeal.

The Hon'ble Court's ruling addressed two critical aspects:

***(a) Discrimination and Similar Treatment Under the IGST Act***

The petitioner submitted documentary evidence showing that the tax authorities had accepted payments under the IGST Act in comparable circumstances. The Court observed that points raised in the petitioner's reply to the show cause notice, including the claim of discriminatory treatment, had not been fully addressed by the department. This formed the basis for the Court's direction to allow the petitioner to file an appeal.

***(b) Statutory Pre-deposit Requirement: Relief Granted***

The Hon'ble Court granted the petitioner relief from the 10% deposit requirement, directing the competent appellate authority to consider the appeal on merits even in the absence of such deposit. The Court also directed the GST authorities not to take any coercive steps against the petitioner pending the appeal. The Court ruled that the final outcome of the appeal would determine whether the tax liability falls under the IGST Act or the CGST/TSGST Act.

### **W&B Comment on the Implications of the Judgment: :**

The Hon'ble Telangana High Court's decision sets an important precedent for businesses where tax has been paid in respect of one transaction but the department is seeking to levy another tax in respect of the very same transaction by recharacterizing the said transaction. Reference in this regard may be made to Section 19 of the IGST Act r.w. Section 77 of the CGST Act by virtue of which refund of the tax earlier paid be granted post which the assessee would become liable to pay another tax in respect of the same transaction. As regards the requirement of mandatory pre-deposit is concerned, this judgment underscores the extraordinary writ jurisdiction of the high court under Article 226 of the Constitution, so as to make way for the extraordinary circumstances despite the clear letter of law. Given that the payment of pre-deposit is a mandatory pre-condition for lodging appeal on the GST portal, pursuant to this judgment it is likely that the said appeal would be required to be filed physically with the appellate authority.