[3488]

HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

TUESDAY, THE TWENTY FIRST DAY OF APRIL
TWO THOUSAND AND TWENTY SIX

:PRESENT:

THE HONOURABLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN
WP Nos: 12160 and 12215 OF 2026

WP.NO. 12160 OF 2026
Between

M/s.Sri Kanthar Enterprises, 8-3-220, Bhagathnagar, Karimnagar. State of Telangana. Rep.by its Proprietor Mr.Mesha Kuppuswamy Kanthasami Aged 62 years, Occupation Business

.....PETITIONER

AND

1. The Appellate Joint Commissioner (ST), Hyderabad Rural Division, Hyderabad. The State Tax Officer, Karimnagar-I1 Circle, Karimnagar.

2. The Assistant Commissioner (ST), Karimnagar-11 Circle, Karimnagar.

3. The Assistant Commissioner (ST), Karimnagar-11 Circle, Karimnagar.

4. The State of Telangana, Rep. by its Principal Secretary, Revenue (CT) Department, Telangana Secretariat, Hyderabad.

5. The Union of India, Rep. by its Secretary, Ministry of Finance, North Block, New Delhi 110 001.

6. The Central Board of Indirect Taxes and Customs, Rep. by its Chairman, Ministry of Finance, Department of Revenue, North Block, Central Secretariat, New Delhi 100 001.

.....RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue Writ of Mandamus or any other appropriate Writ or Order or Direction declaring

(1) Entry 17(viii) of Notification No.11/2017-Central Tax (Rate), dated 28.06.2017 as amended from time to time, read with Entry 257 of the Annexure thereto and corresponding State Tax Notification in G.O.Ms.No. 110, dated 29.06.2017 to the extent it seeks to levy GST on the amounts deducted towards Royalty / Seigniorage, DMF are Un-Constitutional, without Authority of Law, apart from being violative of Article 14, 19(1)(g) and 265 of the Constitution of India and

(2) the action of the 1st Respondent in passing the Appeal Order, dated 06.12.2025 in affirming the Order, dated 28.06.2024, the Summary of the Order in Form GST DRC-07, dated 28.06.2024 passed by the 2nd Respondent and the Attachment to DRC-07, dated 28.06.2024 passed by the 3rd Respondent, for the tax period 2018-19 under the CGST/SGST Act 2017, levying Tax and Penalty on the supply of services by way of granting mineral exploration and mining rights on the taxpayer who has paid certain amounts to carry on quarrying operations on payment of Seigniorage and other charges to the Government in the name of Royalty/Seigniorage Charges, stating that the taxpayer is liable to pay GST 18% on Royalty amounts Under RCM, under Section 74 of the CGST/SGST Act 2017, though the GST on Royalty is not liable to pay, and the Order, the Summary of the Order are unsigned, as arbitrary, contrary to the provisions of the CGST/SGST Act 2017, barred by limitation, without jurisdiction, frivolous, and in violation of Principles of Natural Justice and contrary to Article 14, 19(i)(g) and 265 of the Constitution of India and consequently set aside the Appeal Order, dated 06.12.2025 passed by the 1st Respondent and the Order, dated 28.06.2024, the Summary of the Order in Form GST DRC-07, dated 28.06.2024 passed by the 2nd Respondent and the Attachment to DRC-07, dated 28.06.2024 passed by the 3rd Respondent, for the tax period 2018-19, as null and void and pass

I.A. NO: 1 OF 2026

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to suspend the Operation of the Appeal Order. dated 06.12.2025 passed by the 1st Respondent the Order, dated 28.06.2024 the Summary of the Order in Form GST DRC-07. dated 28.06.2024 passed by the 2nd Respondent and the Attachment to DRC-07, dated 28.06.2024 passed by the 3rd Respondent, for the tax period 2018-19 under the CGST/SGST Act, 2017, pending disposal of the WP No 12160 of 2026, on the file of the High Court.

The petition coming on for hearing, upon perusing the petition and the grounds filed in support thereof and upon hearing the arguments of SRI MOHAMMED RAFI Advocate for the Petitioner, SRI SWAROOP OORILLA, SPECIAL GOVT PLEADER FOR STATE TAX for the Respondents.

WP NO: 12215 OF 2026
Between

M/s.Sai Shakthi Constructions, H.No.3-1-666, Vavilalapally, Karimnagar. State of Telangana. Rep.by its Managing Partner Mr.Aleti Naveen Chandra Reddy Aged 45 years, Occupation.Business

.....**PETITIONER**

AND

1. The Appellate Joint Commissioner (ST), Hyderabad Rural Division, Hyderabad.
2. The Deputy Commissioner (ST), Karimnagar STU, Karimnagar Division.
3. The State of Telangana, Rep. by its Principal Secretary, Revenue (CT) Department, Telangana Secretariat, Hyderabad.

4. The Union of India, Rep. by its Secretary, Ministry of Finance, North Block, New Delhi 110 001.
5. The Central Board of Indirect Taxes and Customs, Rep. by its Chairman, Ministry of Finance, Department of Revenue, North Block, Central Secretariat, New Delhi - 100 001.

.....RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue Writ of Mandamus or any other appropriate Writ or Order or Direction declaring. (1) Entry 17(viii) of Notification No.11/2017-Central Tax (Rate), dated 28.06.2017 as amended from time to time, read with Entry 257 of the Annexure thereto and corresponding State Tax Notification in G.O.Ms.No.110, dated 29.06.2017 and Entry No.5 of Notification No.13/2017-Central Tax (Rate), dated 28.06.2017 to the extent it seeks to levy GST on the amounts deducted towards Royalty / Seigniorage, DMF are Un-Constitutional, without Authority of Law, apart from being violative of Article 14, 19(1)(g) and 265 of the Constitution of India, and (2) the action of the 1st Respondent in rejecting the Appeal at admission stage vide Appeal Order, dated 16.03.2026 in affirming the Order, dated 28.02.2025, the Summary of the Order in Form GST DRC-07, dated 28.02.2025 and the Attachment to Order, dated 27.02.2025 passed by the 2nd Respondent, for the tax period 2020-21 under the CGST/SGST Act 2017, levying Interest and Penalty on the supply of services by way of granting mineral exploration and mining rights on the taxpayer who has paid certain amounts to carry on quarrying operations on payment of Seigniorage and other charges to the Government in the name of Royalty/Seigniorage Charges, stating that the taxpayer is GST is liable to be paid under reverse charge on services provided by the Central Government, State Government, Union Territory or Local Authority on Seigniorage charges, Royalty amounts under RCM, under Section 73 of the CGST/SGST Act 2017, though the GST on Royalty is not liable to pay, and the Summary of the Show Cause Notice in Form GST DRC-01, dated 27.11.2024 and the Attachment to Show Cause Notice in Form DRC-01, dated Nil are unsigned, as arbitrary, contrary to the provisions of the CGST/SGST Act 2017, without jurisdiction, frivolous, and in violation of Principles of Natural Justice and contrary to Article 14, 19(i)(g) and 265 of the Constitution of India, and consequently set aside the Appeal Order, dated 16.03.2026 passed by the 1st Respondent and the Order, dated 28.02.2025, the Summary of the Order in Form GST DRC-07, dated 28.02.2025 and the Attachment to Order, dated 27.02.2025 passed by the 2nd Respondent, for the tax period 2020-21, as null and void.

I.A. NO: 1 OF 2026

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to suspend the operation of the Appeal Order, dated 16.03.2026 passed by the 1st Respondent, the Order, dated 28.02.2025, the Summary of the Order in Form GST DRC-07, dated 28.02.2025 and the Attachment to Order, dated 27.02.2025 passed by the 2nd Respondent, for the tax period 2020-21 under the CGST/SGST Act, 2017, pending disposal of the above Writ Petition.

The petition coming on for hearing, upon perusing the petition and the grounds filed in support thereof and upon hearing the arguments of SRI MOHAMMED RAFI Advocate for the Petitioner, SRI SWAROOP OORILLA Special Govt Pleader For State Tax for the Respondents, the Court made the following.

ORDER

Mr. Mohammed Rafi, learned counsel for the petitioners.

Mr. Swaroop Oorilla, learned Special Government Pleader appears for State Tax.

Learned Special Government Pleader for State Tax brought to the notice of the Court, order dated 24.03.2025 passed in Transfer Petition Nos.724-727 of 2025 and submitted that the Apex Court has directed that the High Court shall not proceed with the hearing of the four matters indicated therein. It is submitted that in the present batch of cases, the same issue of Service Tax on Royalty is involved. Therefore, the hearing of the present Writ Petitions may be kept in abeyance awaiting the outcome of the Transfer Petitions pending before the Apex Court.

Having regard to the aforesaid facts and circumstances, these matters are adjourned *sine die* with liberty to the parties to make a mention before this Court depending on the outcome of the Transfer Petitions pending before the Apex Court or in the event of any other development in those Transfer Petitions.

List these matters along with W.P.No.32901 of 2025.

In the meantime, there shall be interim suspension of the impugned orders.

SD/- A. SRINIVAS REDDY
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Appellate Joint Commissioner (ST), Hyderabad Rural Division, Hyderabad. The State Tax Officer, Karimnagar-I1 Circle, Karimnagar.[By SPAD]
2. The Assistant Commissioner (ST), Karimnagar-11 Circle, Karimnagar.[By SPAD]
3. The Assistant Commissioner (ST), Karimnagar-11 Circle, Karimnagar.[By SPAD]
4. The Principal Secretary, State of Telangana, Revenue (CT) Department, Telangana Secretariat, Hyderabad.[By SPAD]
5. The Secretary, Union of India, Ministry of Finance, North Block, New Delhi 110 001.[By SPAD]
6. The Chairman, Central Board of Indirect Taxes and Customs, Ministry of Finance, Department of Revenue, North Block, Central Secretariat, New Delhi 100 001.[By SPAD]
7. The Deputy Commissioner (ST), Karimnagar STU, Karimnagar Division. [BY SPAD]
8. One CC to Sri. MOHAMMED RAFI Advocate [OPUC]
9. Two CCs to SPECIAL GP FOR STATE TAX, High Court at Hyderabad.(OUT)
10. Two spare copies

HIGH COURT

HCJ
&
GMM, J

DATED: 21-04-2026

LIST THESE MATTERS ALONG WITH WP.NO. 32901 OF 2025

ORDER

WP.Nos.12160 and 12215 of 2026

SUSPENSION