

HIGH COURT OF JAMMU & KASHMIR AND LADAKH
AT SRINAGAR

WP(C) 1935/2026
CM(5208/2026)

NCC Limited Through Its
Authorized Signatory

...Petitioner(s)

Through: Mr. Jahangir Iqbal Ganie, Sr. Advocate with
Mr. Sikander Hayat Khan, Advocate
Mr. Vishnu Tallapragada, Advocate (*through VC*)

Vs.

Union Territory of J&K and Anr.

...Respondent(s)

Through: Mr. Mohsin Qadri, Sr. AAG with
Ms. Maha Majeed, Assisting Counsel

CORAM:

HON'BLE THE CHIEF JUSTICE (ACTING)
HON'BLE MR. JUSTICE MOHD YOUSUF WANI, JUDGE

ORDER

12.08.2026

01. The petitioner, a construction company, invokes the extraordinary jurisdiction vested in this Court under Article 226 of the Constitution of India to throw challenge to an intimation/communication dated 22.07.2026 issued by one Shri Parveez Ahmad Raina, Additional Commissioner, Stat, Kashmir, whereby the petitioner has been intimated that Input Tax Credit (ITC) amounting to Rs. 10,45,38,432/- has been blocked.

02. The impugned communication has been called in question primarily, on the ground that the same does not spell out any reason for said blocking, nor has the same been

passed after affording an opportunity of being heard to the petitioner. The petitioner also seeks to assail the impugned communication on the ground that the Additional Commissioner, Stat, Kashmir did not have the jurisdiction to pass the order in terms of Rule 86-A of the Central Goods and Services Tax Rules, 2017 [“the Rules”].

03. It is further contended by the learned senior counsel appearing for the petitioner that the respondents could not have blocked the entire ITC amounting to Rs. 10,45,38,432/- and that, in terms of Rule 86-A, the restriction could extend only to an amount equivalent to such credit as is available in the electronic credit ledger for discharge of any liability under Section 49 of the Central Goods and Services Tax Act, 2017 or for claiming any refund of any unutilized amount.

04. Having heard learned counsel for the parties and perused the material on record, we are of the considered opinion that that the impugned communication suffers from the vice of arbitrariness, in that the Authority concerned has not given any reasons for blocking the Input Tax Credit (ITC) of the petitioner amounting to more than ten cores and also that the order of blocking the Input Tax Credit (ITC) which adversely affects the rights and interests of the petitioner has

been passed without adhering to the principles of *audi alteram partem*.

05. It is true that Rule 86-A of the Rules does not, in express terms, provide for an opportunity of hearing to the taxpayer before passing an order blocking his Input Tax Credit (ITC). However, having regard to the nature of action envisaged under Rule 86-A of the Rules, which definitely affects the taxpayer adversely, the adherence to Rule of *audi alteram partem* needs to be read into the said provision.

06. The aforesaid view finds support from the judgments of the Division Benches of the High Courts of Karnataka and Telangana in case titled **"K-9 Enterprises Vs. State of Karnataka and Anr.,"** reported as **(2025) 137 GSTR 450; 2024 SCC Online Kar 2716** and **"Bhavani Oxides and Others. Vs. State of Telangana and Ors."** reported as **(2024) 132b GSTR 304; 2024 SCC Online TS 3306**. The judgment passed by the Karnataka High Court (Supra) has already been upheld by the Hon'ble Supreme Court by dismissing the Special Leave Petition (SLP).

07. In view of the aforesaid, we need not to go into other aspects of the matter and leave it open to the petitioner to raise the same before the concerned Authority.

08. For the foregoing reasons, we find merit in this petition. The impugned communication dated 22.07.2026, which is found to have been passed in violation of the principles of natural justice, is **set aside**. The setting aside of impugned communication, however, shall not come in the way of the Competent Authority of respondents to pass an appropriate order under Rule 86-A of the Rules of 2017, after providing the petitioner an adequate opportunity of being heard.

(Mohd Yousuf Wani)
Judge

(Sanjeev Kumar)
Chief Justice (Acting)

SRINAGAR:

12.08.2026

"Mir Arif"

- (i) Whether the order is reportable? Yes/No.
- (ii) Whether the order is speaking? Yes/No.

