

## **DGGI communication to Bank to freeze bank account of assessee not a valid provisional attachment order**

The Hon'ble Delhi High Court in *M/s. Redamancy World v. Senior Intelligence Officer [W.P. (C) 6208/2019 dated July 31, 2023]* held communication letter sent by the Directorate General of Goods and Services Tax Intelligence (“DGGI”) to the assessee’s bank and customers, directing them not to make payments for the goods supplied by the petitioner, was not legally authorized, being not issued in requisite Form DRC-22.

### **Facts:**

M/s. Redamancy World (“**the Petitioner**”) was alleged to have wrongly availed Input Tax Credit (“ITC”) and the Revenue Department was investigating the chain of suppliers. To safeguard and in interest of the Revenue the DGGI ordered to freeze the bank account of the Petitioner. The Bank of the Petitioner vide communication dated April 29, 2019 intimated the Petitioner regarding freezing of their bank account.

The Petitioner filed the writ before the Hon'ble Delhi High Court overturn a communication dated April 29, 2019 contending that Section 83 of the Central Goods & Service Tax Act, 2017 (“**the CGST Act**”) empowers the Commissioner to provisionally attach assets, including bank accounts, of the taxpayer to protect Revenue's interests, but no such attachment order was issued by the Commissioner.

It was further pointed out that Revenue Department has sent letters to various customers of the Petitioner directing them not to make payments for the goods supplied by the Petitioner.

### **Issues:**

Whether communication to freeze bank account would be considered as a valid attachment order under Section 83 of the CGST Act?

### **Held:**

The Hon'ble Delhi High Court in ***W.P.(C) 6208/2019*** held as under:

- Observed that, no order in Form GST DRC-22 was issued to the petitioner under Section 83 of the CGST Act.
- Further observed that, the communication sent to various customers of the petitioner, restraining them from making payments for goods supplied by the petitioner, was without authority of law.
- Noted that, Section 83 of the CGST Act empowers the Commissioner to issue orders for provisional attachment of assets, including bank accounts, of the taxpayer only when necessary to protect the interests of Revenue. However, In the Present case, there was no specific noting in the files indicating that such action was necessary.
- Disposed the writ.

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