SC issues Notice on Sealing of Business Premises u/s 67(4) and Bank Account Attachment u/s 83 under GST and Calls for De-sealing Instructions

The Hon'ble Supreme Court of India in ***M/s Murliwala Pigment v. Union of India & Ors. [Special Leave Petition (C) No. 17943 of 2026 dated May 21, 2026]*** issued notice on the Special Leave Petition (**"the SLP"**) filed against the order of the Hon'ble Rajasthan High Court which had dismissed the writ petition challenging the sealing of four business premises and provisional attachment of bank accounts under the Central Goods and Services Tax Act, 2017 (**"the CGST Act"**). The Hon'ble Apex Court, prima facie observing that sealing of premises under Section 67(4) of the CGST Act can be undertaken only where access is denied, directed the learned counsel for the Department to take instructions on the prayer for de-sealing of the premises in the meantime, and listed the matter on May 29, 2026.

Facts:

M/s Murliwala Pigment (**"the Petitioner"**), a registered dealer under the Rajasthan Goods and Services Tax Act, 2017, was subjected to simultaneous search operations at five premises associated with it on March 10, 2026, by the Directorate General of GST Intelligence (DGGI), Jaipur Zonal Unit, under Section 67(2) of the CGST Act. During the search, goods lying at different premises were seized, four business premises were sealed, and thereafter, vide order dated March 12, 2026 (DRC-22), the bank accounts of the Petitioner were provisionally attached under Section 83 of the CGST Act to safeguard the interest of Government revenue.

Summons were issued to the Petitioner on March 14, 2026 and again on March 18, 2026 under Section 70 of the CGST Act. The Petitioner submitted replies on March 18, 2026 and March 23, 2026, and also filed a representation against the provisional attachment, but did not personally appear to tender evidence or produce documents. Till the date of hearing before the Supreme Court, no Show Cause Notice had been issued to the Petitioner.

Aggrieved by the sealing and attachment, the Petitioner approached the Hon'ble Rajasthan High Court by way of ***D.B. Civil Writ Petition No. 5848/2026***, which was dismissed by judgment dated April 20, 2026, primarily on the ground of availability of alternative and efficacious remedy under the CGST Act read with Rules 140 and 141 of the CGST Rules, 2017, and non-cooperation by the Petitioner. The Petitioner thereafter preferred the present Special Leave Petition before the Hon'ble Supreme Court.

Contentions of the Petitioner:

- That Section 67(4) of the CGST Act permits sealing of premises only where access to such premises, almirah, electronic device, box or receptacle is denied. In the present case, there was no denial of access and therefore Section 67(4) had no application.

- That the provisional attachment of bank accounts under Section 83 of the CGST Act was invoked in a routine manner without any tangible material justifying such drastic action, and amounts to abuse of authority.

- That till date, no Show Cause Notice has been issued to the Petitioner, and therefore, no adjudicatory proceedings stand initiated against the Petitioner within the meaning of Section 6(2)(b) of the CGST Act.

- Reliance was placed on the decision of the Hon'ble Supreme Court in ***M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate [2025 INSC 982]*** and the decision of the Hon'ble Delhi High Court in ***M/s Napin Impex Pvt. Ltd. v. Commissioner of DGST, Delhi [W.P.(C) No. 10287/2018 dated September 28, 2018]***, to contend that the sealing of the entire business premises as a coercive measure is impermissible.

A2Z TAXCORP LLP
Tax and Law Practitioners

Issue:

Whether the sealing of business premises under Section 67(4) of the CGST Act and the provisional attachment of bank accounts under Section 83 of the CGST Act, in the absence of denial of access and without issuance of any Show Cause Notice, are sustainable in law, warranting interference at the interim stage by way of de-sealing?

Held:

The Hon'ble Supreme Court of India in ***Special Leave Petition (C) No. 17943 of 2026***, after hearing the learned counsel for the Petitioner, passed the following interim order:

- Observed that, *"under Section 67(4) of the CGST Act, sealing of premises can be done only if access is denied".* Prima facie, in the present case, Section 67(4) of the CGST Act has no application as no denial of access was demonstrated.

- Noted that, *"the bank accounts of the Petitioner have been provisionally attached under Section 83 of the CGST Act and till the date of hearing, no Show Cause Notice had been issued to the Petitioner".*

- Allowed the applications for exemption from filing certified copy of the impugned order and exemption from filing official translation.
- Directed that notice be issued in the Special Leave Petition with liberty to serve the Standing Counsel, in addition.
- Directed the learned counsel for the Department to take instructions on the prayer for de-sealing of the premises in the meantime.
- **Listed the matter for further hearing on May 29, 2026.**

Background – Order of the Hon'ble Rajasthan High Court:

It may be relevant to note that the Hon'ble Rajasthan High Court (Bench at Jaipur) in ***M/s Murliwala Pigment v. Union of India & Ors. [D.B. Civil Writ Petition No. 5848/2026 dated April 20, 2026] [Neutral Citation: 2026:RJ-JP:16723-DB]*** had dismissed the writ petition, holding inter alia that:

A2Z TAXCORP LLP
Tax and Law Practitioners

- Section 67(4) of the CGST Act empowers the proper officer to seal the premises and the said officer also has the duty to act in accordance with the provisions of Section 67 of the CGST Act.
- Section 67(6) read with Rules 140 and 141 of the CGST Rules, 2017 provides the procedure for release of goods on a provisional basis upon execution of bond and furnishing of security, as held by the Hon'ble Supreme Court in ***State of Uttar Pradesh v. M/s Kay Pan Fragrance Pvt. Ltd. [Civil Appeal Nos. 8942 and 8944 of 2021]***.
- The Petitioner did not invoke the statutory remedy under Section 67(4) and Section 67(6) of the CGST Act for de-sealing of premises or release of goods, and instead directly approached the Court under Article 226 of the Constitution of India.
- Following the law laid down in ***State of Maharashtra v. Greatship (India) Ltd. [2022 SCC OnLine SC 1262]*** and ***United Bank of India v. Satyawati Tondon [(2010) 8 SCC 110]***, where alternative and efficacious remedies are provided under the statute, the writ petition under Article 226 ought not to be entertained.
- The judgment of the Hon'ble Supreme Court in ***M/s Armour Security (India) Ltd.*** *(supra)* was distinguished on facts as the Petitioner had not demonstrated any parallel

proceedings on the same subject matter by the State tax authority. Similarly, the judgment in ***M/s Napin Impex Pvt. Ltd.*** *(supra)* was also held to be inapplicable.

- The Petitioner had not cooperated with the investigation, having failed to personally appear in response to summons issued under Section 70 of the CGST Act, despite filing written replies.

Our Comments:

The interim order passed by the Hon'ble Supreme Court in the present matter is significant in that it has prima facie countenanced the argument that *Section 67(4) of the CGST Act is a narrowly tailored power—one that empowers the authorised officer to seal or break open the door of any premises, almirah, electronic device, box or receptacle only where access to such premises or such receptacle is denied.* The express words of the statute leave little room for sealing of premises in cases where access has been freely granted. The Hon'ble Court's observation that, prima facie, Section 67(4) had no application, signals an important course correction against the increasing trend of sealing entire business premises as a coercive measure to compel attendance or production of documents.

A2Z TAXCORP LLP
Tax and Law Practitioners

It is equally noteworthy that the Hon'ble Supreme Court has, at the threshold itself, taken note of the fact that the provisional attachment under Section 83 of the CGST Act has been invoked even prior to issuance of any Show Cause Notice. This is consistent with the well-settled principles laid down by the Hon'ble Supreme Court in ***M/s Radha Krishan Industries v. State of Himachal Pradesh [(2021) 6 SCC 771]***, wherein the Court held that the power of provisional attachment of property, including bank account, under Section 83 is *"draconian in nature"* and the conditions prescribed by the statute for a valid exercise of the power must be *strictly fulfilled.* The Apex Court therein held that the formation of opinion by the Commissioner must be based on tangible material indicating a real risk to Government revenue, and not on mere suspicion or as a matter of routine practice.

Relevant Provisions:

Section 67(4) of the CGST Act reads as under:

"The officer authorised under sub-section (2) shall have the power to seal or break open the door of any premises or to break open any almirah, electronic devices, box, receptacle in which any goods, accounts, registers or documents of the person are suspected to be concealed, where access to such premises, almirah, electronic devices, box or receptacle is denied."

Section 83(1) of the CGST Act reads as under:

"Where, after the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of Section 122, in such manner as may be prescribed."

Pari Materia and Related Judgments:

- ***M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate [2025 INSC 982 dated August 14, 2025]:*** The Hon'ble Supreme Court summarised the position relating to Section 6(2)(b) of the CGST Act and held that the expression *"initiation of any proceedings"* refers to the formal commencement of adjudicatory proceedings by way of issuance of a Show Cause Notice, and does not encompass the issuance of summons or the conduct of any search or seizure. The Court further laid down detailed guidelines to be followed when parallel inquiries by Central and State tax administrations are alleged.

- ***M/s Napin Impex Pvt. Ltd. v. Commissioner of DGST, Delhi [W.P.(C) No. 10287/2018 dated September 28, 2018]:*** The Hon'ble Delhi High Court directed de-sealing of business premises which had been sealed under Section 67(4) of the CGST Act, holding that the said provision does not authorise indefinite sealing of an entire business premises as a measure of coercion, and is confined to situations where access is denied.

- ***M/s Radha Krishan Industries v. State of Himachal Pradesh [(2021) 6 SCC 771 dated April 20, 2021]:*** The Hon'ble Supreme Court held that the power of provisional attachment under Section 83 is draconian and the statutory pre-conditions must be strictly satisfied. The Commissioner must form an opinion based on tangible material that provisional attachment is necessary to protect the interest of Government revenue, and routine or mechanical exercise of such power is impermissible. The Court further held that an order disposing of objections to provisional attachment is not appealable under Section 107 of the CGST Act, and the only remedy is by way of writ jurisdiction under Article 226 of the Constitution of India.

- ***State of Uttar Pradesh v. M/s Kay Pan Fragrance Pvt. Ltd. [Civil Appeal Nos. 8942 and 8944 of 2021]:*** The Hon'ble Supreme Court held that an assessee whose goods are seized under Section 67 of the CGST Act must take recourse to the mechanism provided

under Section 67(6) read with Rules 140 and 141 of the CGST Rules, 2017 for provisional release of goods, on furnishing of bond and security or on payment of applicable tax, interest and penalty.

- ***Rajeev Chhatwal v. Commissioner of Goods and Services Tax (East) [Delhi High Court - W.P.(C)5880/2021]:*** The Hon'ble Delhi High Court held that Section 67(2) of the CGST Act does not empower the seizure of currency available at the premises during the course of search, since currency does not fall within the meaning of "things" which are useful or relevant to the proceedings under the CGST Act.

- ***Tanushree Logistics Private Limited v. State of Rajasthan [D.B. Civil Writ Petition No. 17550/2022 dated December 7, 2022]:*** The Hon'ble Rajasthan High Court, following *State of Maharashtra v. Greatship (India) Ltd.* [2022 SCC OnLine SC 1262], dismissed the writ petition on the ground of availability of alternative and efficacious remedy under the CGST Act.

Conclusion / Analysis:

The interim order of the Hon'ble Supreme Court in ***M/s Murliwala Pigment*** *(supra)* is a welcome step in safeguarding taxpayers from arbitrary and disproportionate use of coercive powers under the CGST Act. While the search and seizure powers under Section 67(2) of the CGST Act are necessary for the effective administration of tax laws, the power to seal premises under Section 67(4) is hedged by an express statutory pre-condition—namely, that access to such premises is denied. The Hon'ble Supreme Court's prima facie view reaffirms that sealing of business premises cannot be used as a routine measure of coercion to compel attendance or to extract cooperation from a taxpayer.

Similarly, the power of provisional attachment under Section 83 of the CGST Act is intended as a protective measure for the Government revenue and must be exercised sparingly and on the basis of tangible material, as repeatedly held by the Hon'ble Supreme Court in ***Radha Krishan Industries*** *(supra).* The very fact that the bank accounts were attached even before issuance of any Show Cause Notice, in the present case, raises serious questions about the legitimacy of the attachment order under the established judicial framework.

From the taxpayer's standpoint, however, the High Court's observations regarding *complete cooperation with the investigation* are an equally important takeaway. As clarified by the Hon'ble Supreme Court in ***Armour Security*** *(supra),* a taxable person is bound to appear in response to summons under Section 70 of the CGST Act and produce the documents called for.

Mere filing of written replies, without personal appearance, may be viewed as non-cooperation and may invite adverse action. The final outcome of the matter, when the Special Leave Petition is heard on merits, is likely to provide further clarity on the contours of Sections 67(4) and 83 of the CGST Act and the circumstances in which writ jurisdiction under Article 226 of the Constitution of India can be invoked, despite the availability of statutory remedies.

The matter is now listed before the Hon'ble Supreme Court on **May 29, 2026**, and the outcome is awaited.

CLICK HERE FOR OFFICIAL JUDGMENT COPY

(Author can be reached at info@a2ztaxcorp.com)

DISCLAIMER: The views expressed are strictly of the author and A2Z Taxcorp LLP. The contents of this article are solely for informational purpose and for the reader's personal non-commercial use. It does not constitute professional advice or recommendation of firm. Neither the author nor firm and its affiliates accepts any liabilities for any loss or damage of any kind arising out of any information in this article nor for any actions taken in reliance thereon. Further, no portion of our article or newsletter should be used for any purpose(s) unless authorized in writing and we reserve a legal right for any infringement on usage of our article or newsletter without prior permission.