

## Telangana HC admits GVK Power's writ challenging CBIC Circular on Corporate-Guarantee; Grants interim-relief

Mar 14, 2024

Telangana HC issues notice in writ petition filed by GVK Power and Infra Ltd (Petitioner) challenging GST Circular No. 204/16/2023-GST clarifying on the taxability of personal and corporate guarantee (CG); Petitioner prays for declaring the said Circular and order-in-original as being void, illegal, arbitrary and violative of Article 14 of the Constitution; The petition questions the original order which seeks to recover GST from the Petitioner on the provision of CG and therefore, pleads for a direction to stay all further proceedings regarding collection of tax; HC admits the petition and in addition to listing the matter on May 5, 2024, grants interim protect against all further proceedings, including recovery of tax pursuant to the said original order.

The matter is before Justice P Sam Koshy and Justice N Tukaramji.

Revenue is being represented by Dy Solicitor General Gadi Praveen Kumar , Sr. Standing Counsel Dominic Fernandes and Advocate B Mukherjee.  
GVK Power and Infra Ltd vs UOI

### GSTsutra Note:

- Recently, the [Delhi HC in a writ petition](#) challenging the levy of GST on corporate guarantees issued by the holding companies to their subsidiaries, granted interim protect against any coercive steps in case any assessment order is passed or demand is created.
- [Circular No.204/16/2023-GST](#) provides clarification on issues pertaining to the taxability of personal guarantee and corporate guarantee.
- Rule 28(2) was inserted by [Notification No. 53/2023-CT](#) to provide that the "value of supply of services by a supplier to a recipient who is a related person, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher".