



**N.A.SHAH ASSOCIATES LLP**  
Chartered Accountants

# **TAX JURISPRUDENCE**

---

CASE LAW ALERT – AUGUST 2025 VOL- 2

## EXECUTIVE SUMMARY OF JUDGEMENTS / ADVANCE RULINGS UNDER DIRECT AND INDIRECT TAXES

We are pleased to draw your attention to following important decisions which might be useful for you to take call on tax position.

Case & Citation	Issue Involved	Decision
<b>Indirect Tax</b>		
<a href="#">Suraj Mangar vs Assistant Commissioner of West Bengal State Tax</a> [(2025) 33 Centax 70 (Cal.)]	Whether time limit of 60 days for processing refund is mandatory or directory?	The Hon'ble High Court of Calcutta held that time limit of 60 days for processing refund is mandatory and non-compliance of same vitiates any order passed beyond the time limit.
<a href="#">M/s. Bharat Mint &amp; Aroma Chemicals vs Union of India</a> [[2025] 177 taxmann.com 232 (Allahabad)]	Whether refund be denied solely based on an error in the refund form, when the entitlement of refund itself is undisputed?	The Hon'ble High Court of Allahabad quashed the order emphasizing that refund claims should not be rejected on technical grounds and remanded the case back for fresh determination.

The brief analysis of above referred decisions and rulings are given below:

## INDIRECT TAX

### Case 1 – Suraj Mangar vs Assistant Commissioner of West Bengal State Tax [(2025) 33 Centax 70 (Cal.)]

#### Facts in brief & Issue Involved

- ♦ The Petitioner exported good to Bhutan and claimed the refund of unutilized ITC under section 54 of the CGST/WBGST Act, 2017
- ♦ The timeline in the case is as follows:

Events	Dates
Application for refund filed	24 December 2021
Acknowledgement issued under Rule 90(2)	10 January 2022
Show Cause Notice (SCN) issued under Rule 92(3)	8 February 2022
Due Date to file reply in response to the SCN	23 February 2022
Date of Refund Rejection Order	24 February 2022

- ♦ The refund was rejected by the Adjudicating Officer. The petitioner filed an appeal before the Appellate Authority against the said order. However, the Appellate Authority upheld the rejection of refund. Thus, being aggrieved by the order, the writ petition was filed.

#### Contentions of Petitioner

- ♦ The petitioner argued that the time limit of 60 days specified under Section 54(7) is mandatory, and any delay beyond that renders the order void.
- ♦ It was further argued that acknowledgment under Rule 92(3) of the CGST/WBSGT Rules, 2017 was issued on 10 January 2022 which is beyond the prescribed period of 15 days from the date of application resulting in delay of 2 days.
- ♦ The petitioner also highlighted the reply in response to the Show Cause Notice was scheduled beyond the 60-day limit, thereby violating the mandatory statutory timeframe for refund adjudication.

## **Contentions of Respondent**

- ♦ The Respondent contended that Section 54(7) of the Act is not mandatory but directory as statute itself provides for interest under Section 56 in cases of delayed refunds.
- ♦ It was further submitted that the timelines of the statute were duly followed as 15 days' time was given to the petitioner for responding to SCN.

## **Observations & Decision of High Court**

- ♦ The Hon'ble High Court of Calcutta held that the expression – "shall" has been used to predicate the timelines in section 54(7) of the Act as well as relevant rules and accordingly, statutory time limit of 60 days as stipulated in section 54(7) of the Act is mandatory and not directory.
- ♦ The Hon'ble High Court further observed that the Adjudicating Officer repeatedly failed to adhere to the statutory timelines such as 2 days delay in issuing acknowledgement, delay in issuing SCN and fixing reply date beyond 60 days statutory limit. It was also held that Proper officers' reliance on external or extraneous factors was beyond the scope of GST framework.
- ♦ In light of this statutory violation, the Hon'ble High Court set aside the entire proceeding initiated by the respondent in respect of the petitioner's refund application and directed the respondent to refund the entire amount claimed by the petitioner along with the interest as specified under section 56.

## **NASA Comments**

- ♦ Refunds are critical for exporters who often operate on working capital cycles. This judgement reaffirmed that GST refund timelines are non-negotiable and that denial of refund on irrelevant grounds is unlawful.

## **Case 2 – M/s Bharat Mint & Aroma Chemicals V/s Union of India [[2025] 177 taxmann.com 232 (Allahabad)]**

### **Facts in brief & Issue Involved**

- ♦ The petitioner filed an application for refund under CGST on account of "Tax paid on intra-state supply later held to be inter-state supply and vice versa".
- ♦ Due to a software glitch, the refund amount was incorrectly recorded under the heading "IGST" instead of "CGST" in Form GST RFD-01.
- ♦ The appellate authority rejected the refund claim, stating that the claim was made under the wrong tax head and no evidence was provided to support it. Being aggrieved by the order, the petitioner has filed the present writ.

### **Contentions of Petitioner**


- ♦ The petitioner argued that the error occurred due to a technical software glitch and not due to any intentional or typographical mistake. The refund should not be rejected based on a minor technical error in the form without considering the merits of the claim.

### **Contentions of Respondent**

- ♦ The refund claim was not filed in the proper format, as the refund amount was wrongly mentioned under the IGST head instead of CGST head in Form RFD-01. Due to this error, the application could not be processed, and hence, rejection of the claim was justified.


### **Observations & Decision of High Court**

- ♦ The Hon'ble High court observed that it is undisputed that the petitioner was entitled to a CGST refund. A wrong tax head or citation of a wrong provision cannot be grounds to deny a legitimate refund claim.

- 
- ♦ The appellate authority failed to consider the merits of the claim and instead rejected it based on technicality. Further, the second reason for rejection, i.e. lack of evidence, was not part of the original show cause notice, so no opportunity was given to the petitioner to respond. This amounted to a violation of principles of natural justice.
  - ♦ The impugned orders were quashed, and the case was remanded back to the appellate authority for fresh determination.

### **NASA Comments**

- ♦ This judgment highlights the importance of principle of natural justice and that authorities are expected to focus on substance over form and not penalize taxpayers for technical or clerical errors.



The contents provided in this newsletter are for information purpose only and are intended, but not promised or guaranteed, to be correct, complete and up-to-date. The firm hereby disclaims any and all liability to any person for any loss or damage caused by errors or omissions, whether such errors or omissions result from negligence, accident or any other cause.

B 21-25, Paragon Centre,  
Pandurang Budhakar Marg, Mumbai – 400013  
Tel: 91-022-4073 3000, Fax: 91-022-4073 3090  
E-mail Id: [info@nashah.com](mailto:info@nashah.com)

