

Input tax credit refund can't be denied for technical glitches in GSTN software: Madras High Court

Fact of the Case

The Petitioner, Tvl. Mehar Tex is an exporter and has made zero-rated sales during the months of October 2017, November 2017, and February 2018. Accordingly, Petitioner stated that he is entitled to refund claims of SGST for the October month, CGST for the November month, and CGST, SGST, and IGST for the February month. However, when the refund applications were uploaded, the entire claim got consolidated and figured under the head SGST alone.

While considering the refund applications, the Respondent, the Assistant Commissioner of GST and Central Excise restricted the refund claim to the extent of the Petitioner's liability for the respective months only under the head of SGST under Rule 92 of the Central Goods and Services Tax Rules, 2017 and issued notice to show cause as to why refund of CGST and IGST should not be rejected.

Subsequently, the Petitioner replied to the show cause notice stating that the entire refund claim got auto-populated under a single head of SGST. However, the Respondent rejected the refund claims made in respect of CGST and IGST on the ground that the Petitioner has not furnished any documentary proof in support of his claims.

The issue raised was whether the Petitioner's claim for refund of CGST and IGST can be denied on the ground that the entire refund amount got consolidated under one head i.e. SGST, due to the **technical error and new system of software in GSTN**.

Decision of the Case

The court held that, if the assessee was otherwise eligible to refund, the refund claim ought not to be denied on the ground of technical glitches and error occurred due to auto-population in Goods and Service Tax Network software. Nothing can be more unfair.

The Madras High Court ruled that refund of Input Tax Credit (ITC) cannot be denied for technical glitches in GSTN software.