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By Nidhi, Advocate



Judgment No.: 123
Dt.: 03-05-2024



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Judgment Deals With

Section/Rule	Section 54
Authority	Madras High Court
Case Name	M/s. Sri Krishna Textile Mills VS The Assistant Commissioner
Dated	18 th April, 2024

Brief Facts of the Case:

The petitioner is engaged in the business of manufacturing and supplying cotton yarn out of combed cotton and synthetic stable fibre. On account of the fact that the inputs purchased by the petitioner are taxed at higher rates than the output, the petitioner has unutilised input tax credit, and is, consequently, entitled to refund. Upon making such refund application, the application was rejected on the ground that the inverted turnover does not match the GST returns.

Contention of the Petitioner:

The petitioner had submitted invoices issued by the supplier and invoices raised by the petitioner in relation to outward supply. Such refund application is required to be processed in accordance with Circular No.135/05/2020 – GST issued by the CBIC on 31.03.2020. Without following the mandate of such circular, the refund application was rejected.

Findings & Decision of the Court:

On perusal of the impugned order, the reasons set out for rejecting the application was "On verification of the refund details, with GSTR 1, GSTR 3B and GSTR 2A returns, the inverted turnover does not match with GSTR Returns."

The petitioner asserts that all relevant documents, including invoices raised by the supplier and invoices issued by the petitioner in respect of outward supplies were submitted.

The Departmental officer should have examined the application in accordance with Section 54 and the Circular referred to above. Since such exercise has not been undertaken properly, the matter requires reconsideration. Thus, the impugned order was set aside and the matter was remanded to the Department for reconsideration.

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