

# TIMES BUSINESS

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## HC notice to Centre, govt on GST input credit benefit delay

TIMES NEWS NETWORK

**Jodhpur:** Rajasthan High Court on Tuesday issued notices to the Central government, state government and the GST Council seeking reply in four weeks on the denial of the input tax credit benefit.

Lakhani Metal and Castings Pvt. Ltd. of Bikaner had moved a petition challenging the clause (ii) of proviso of Sub Section 3 of Section 54 of the Central GST Act, 2017 and Rajasthan GST Act, 2017, by effect of which refund of the unutilized input tax credit can be denied to any company without any reasons and praying for striking down such unconstitutional provision.

Counsel for the petitioner, Ramit Mehta said that the refund of unutilized Input tax credit was denied to the industry supplying railway parts to the Indian Railways by issuing a notification on June 28, 2017 by the Central Government and June 29, 2017 by the State Government on the basis of the power drawn from the Central and State GST Acts.

Terming this denial arbitrary, discretionary and unconstitutional Mehta argued that the Section 49(6) of the GST Act, 2017 grants statutory right for obtaining refund of the input tax credit after its adjustment of tax, interest, fees and penalty.

"But this arbitrary and discriminatory denial was the clear violation to fundamental rights enshrined under Article 14, 19, 21 and 300A of the Constitution of India," argued Mehta.

He further argued that the refund of Input tax credit was smoothly available in the pre GST era in the Rajasthan VAT Act and Central Excise Act. But post GST, it was left to the discretion of the government to deny refund of Input tax credit without any reason," Mehta argued.

Hearing the arguments, the division bench comprising justice Sangeet Lodha and justice Dinesh Mehta issued the notices to the central government, state government and the GST Council seeking reply in 4 weeks.