Reliance Jio Infocom Ltd. vs Union of India & Others

Validity of Rule 39(1)(a) CGST Rules mandating same-month distribution of ITC by Input Service Distributor (ISD).

Date of Order: March 5, 2026
Case Law No: GIB-MHC-2026-17
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts :
The petitioner, a telecom service provider with multiple GST registrations, operated as an Input Service Distributor (ISD) for distribution of common input tax credit across its units.
It challenged Rule 39(1)(a) requiring distribution of ITC in the same month as the invoice, both prior to and after amendment to Section 20 w.e.f. 01.04.2025.
The petitioner contended that prior to amendment, there was no statutory power to prescribe such time limit and that the requirement was arbitrary and impossible to comply with.
Show cause notices were issued alleging improper distribution of ITC not done in the same month as receipt of invoices.

Court Decision:
The Court upheld the validity of Rule 39(1)(a) of the CGST Rules.
It held that prescription of time limit for distribution of ITC is within rule-making power and is a procedural requirement governing distribution mechanism.
The requirement of distribution in the same month was held not arbitrary and having nexus with proper administration of GST and prevention of misuse.
The Court rejected the contention that such requirement is impossible to comply with and held that ITC is a statutory benefit subject to conditions.
The challenge to show cause notices was declined, holding that the petitioner can raise all contentions in adjudication proceedings.

Cases Referred:

- *Sales Tax Officer, Ponkunnam vs K.I. Abraham*
- *Jayam & Co. vs Assistant Commissioner*
- *Union of India vs VKC Footsteps India Pvt. Ltd.*

- *ALD Automotive Pvt. Ltd. vs Commercial Tax Officer*

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