

M. Trade Links v. Union of India & Ors.

Challenge to validity and application of Input Tax Credit provisions under GST; denial of ITC due to supplier default and time limitation (Sections involved: Section 16(2)(c) and Section 16(4) of CGST Act, 2017 & SGST Act)

Date of Order: June 4, 2024
Case Law No: GIB-KERHC-2024-09
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts:

The petitioners, registered dealers under GST, were denied Input Tax Credit despite possessing valid invoices, proof of payment, and receipt of goods/services. In several cases, suppliers either failed to remit tax or failed to reflect transactions in returns, leading to denial of ITC under [Section 16\(2\)\(c\)](#). The petitioners challenged the provisions as imposing an impossible burden on recipients and also contested the time limitation under [Section 16\(4\)](#). Multiple writ petitions raising similar issues were heard together.

Court Decision:

The High Court upheld the validity of [Sections 16\(2\)\(c\)](#) and [16\(4\)](#) of the GST Act. The Court held that Input Tax Credit is not an absolute right but a statutory entitlement subject to conditions prescribed under the Act. It was held that fulfillment of all conditions under [Section 16\(2\)](#), including actual payment of tax to the Government, is mandatory for availing ITC. The Court further held that the time limit prescribed under [Section 16\(4\)](#) is valid and enforceable, and ITC cannot be claimed beyond the stipulated period.

Cases Referred by Court:

- On Quest Merchandising India Pvt. Ltd. v. Union of India
- Commissioner of Trade and Taxes v. Arise India Ltd.
- Jayam & Co. v. Assistant Commissioner
- ALD Automotive Pvt. Ltd. v. Commercial Tax Officer