Commissioner of Trade and Tax, Delhi v. Shanti Kiran India (P) Ltd.

Entitlement of Input Tax Credit to purchasing dealer despite non-deposit of tax by selling dealer under DVAT (Section involved: Section 9(1) and Section 9(2)(g) of the Delhi Value Added Tax Act, 2004)

Date of Order: October 9, 2025
Case Law No: GIB-SC-2025-39
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts

The issue before the Court was whether purchasing dealers who paid tax to registered selling dealers are entitled to Input Tax Credit even if the selling dealers failed to deposit the tax with the Government. The selling dealers were registered at the time of transactions but later defaulted and their registrations were cancelled. The Delhi High Court held that the purchasing dealers were bona fide and entitled to ITC. The Revenue challenged this decision before the Supreme Court.

Court Decision:

The Supreme Court dismissed the appeals and upheld the High Court's decision. It held that where transactions and invoices are genuine and the selling dealer was registered at the time of transaction, ITC cannot be denied to bona fide purchasing dealers. The Court found no reason to interfere with the grant of ITC after due verification.

Cases Referred by Court:

- On Quest Merchandising India Pvt. Ltd. v. Government of NCT of Delhi
- Commissioner of Trade and Taxes v. Arise India Ltd.

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