Umicore Autocat India Private Limited v. Union of India & Ors.

Refusal to transfer unutilised CGST and IGST credit on amalgamation, solely on the ground that the transferor and transferee were registered in different States. At issue: whether Section 18(3) and Rule 41 impose any such same-State condition at all.

Date of Order: June 17, 2025
Case Law No: GIB-BHCG-2025-58
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background.
Pursuant to a scheme of amalgamation approved by the NCLT, Special Bench, Mumbai by order dated 26.05.2020, Umicore Anandeya India Private Limited was amalgamated into the petitioner, which is situated and registered in the State of Maharashtra. Transfer of the transferor's unutilised credit — IGST of Rs. 3,69,586 and CGST of Rs. 3,52,84,105 — was restricted on the ground that transfer is prohibited where two distinct States are involved.

Observations of the Court.
Neither Section 18(3) of the CGST Act nor Rule 41 of the CGST Rules imposes any such restriction. On an analysis of Sections 18(3), 22 and 25 read with Rule 41, the Court held that a company amalgamated into the petitioner under a scheme sanctioned by the Tribunal, the transferee having undertaken all the liabilities, is entitled to take the benefit of sub-section (3) of Section 18. As regards the Union of India, it suffers no loss even though the credit is permitted to be utilised in the State of Maharashtra.

The only difficulty projected by the authorities was that the GSTN portal does not allow such a transfer. The Court held that this can be no ground to deny the benefit to the petitioner where it is otherwise entitled under the statutory scheme.

Final verdict.
The writ petition was made absolute. The IGST and CGST lying in the transferor's electronic credit ledger were permitted to be transferred to the petitioner by physical mode for the time being, subject to adjustments in future, and the GST Council and the GST Network were requested to provide a mechanism to deal with transfers of credit from one State to another or to a Union

Territory by updating the network. The respondents were expected to do the needful within six weeks.