E2E Supply Chain Solutions Limited v. Deputy Commissioner (ST) GST Appeal,

Exclusion of rectification period under Section 161 while computing appeal limitation under Section 107 of the CGST Act.

Date of Order: July 30, 2026
Case Law No: GIB-MHC-2026-94
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background

The batch of writ petitions arose from appeals that had been rejected as time-barred after the respective taxpayers had first pursued rectification proceedings under Section 161. The petitioners contended that they had bona fide pursued the rectification remedy and that the period spent in those proceedings should be excluded while computing the three-month limitation under Section 107. The Revenue opposed this, arguing that GST is a self-contained code, that limitation under Section 107 begins from communication of the original order, and that filing a rectification petition does not stop or suspend the limitation period.

In the case of E2E Supply Chain Solutions Limited, the rectification petition was primarily based on the non-consideration of credit notes that had been submitted before the order-in-original. The petitioner had also relied upon the earlier decision of the Madras High Court in *SPK and Co.* while pursuing the matter. On examination, the Court found that there was a genuine basis for pursuing rectification and that the requirements of good faith and due diligence were satisfied.

Court Observation

- The Limitation Act, as such, does not apply to quasi-judicial authorities, including GST appellate authorities. However, the principles underlying Section 14 can apply to GST appellate proceedings.
- GST legislation does not expressly or impliedly exclude the principles underlying Section 14. The fact that Section 107 permits condonation only for a further period of one month does not mean that Section 14's principle of exclusion of time is also excluded.
- A rectification petition rejected because there is “no error apparent” can, in an appropriate case, constitute a bona fide mistaken remedy falling within “other cause of a like nature” under the principles of Section 14. Such rejection is not necessarily a full-fledged adjudication

of the larger dispute.

- However, exclusion is not automatic merely because a rectification petition was filed. The proceedings must concern the same matter and parties, and the earlier proceeding must have been pursued with due diligence and in good faith. Good faith requires the Court to broadly examine whether there was some basis for filing the rectification petition, so that the provision is not abused merely to extend the appeal period.
- Where the requirements are satisfied, the entire period from filing of the rectification petition until its rejection is liable to be excluded. Thus, the taxpayer gets the prescribed three-month appeal period after such exclusion, subject to the further one-month period available under Section 107(4).
- The Court clarified that limitation under Section 107 ordinarily starts from communication of the specific order being appealed against. Therefore, an appeal against the original order runs from communication of that original order; filing rectification does not itself replace that starting point.

Final Verdict

In the case of E2E Supply Chain Solutions Limited, the Court held that the petitioner had established good faith and due diligence because the rectification petition concerned non-consideration of credit notes submitted before the original order. Accordingly, the petitioner was entitled to exclusion of the time spent in the rectification proceedings.

The Court ultimately set aside the impugned appellate order and directed the appellate authority to receive and dispose of the appeal on merits. W.P. No.2629 of 2026 was specifically included among the seven writ petitions allowed for this purpose.

Case Referred by Court

The Court considered, among others, the following authorities in arriving at its conclusions:

1. M.P. Steel Corporation v. Commissioner of Central Excise
2. Consolidated Engineering Enterprises v. Principal Secretary
3. CCE v. Hongo India (P) Ltd..

4. Commissioner of Sales Tax, U.P. v. Parson Tools and Plants.