CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
HYDERABAD
SINGLE MEMBER BENCH - COURT NO. – I

Customs Appeal No. 30071 of 2026
(Arising out of **Order-in-Appeal** No.VJD-CUSTM-000-APP-055-2025-26 dated 23.09.2025 passed by Commissioner of Customs & Central Tax (Appeals), Guntur)

M/s Coromandel International Ltd., .. **APPELLANT**
Beach Road,
Kakinada,
Andhra Pradesh.

VERSUS

Commissioner of Customs .. **RESPONDENT**
(Preventive) - Vijayawada
55-17-3, C-14,
2nd Floor,
Industrial Estate,
Autonagar,
Vijayawada,
Andhra Pradesh – 520 007.

APPEARANCE:
Shri Shyam Bangaru, Chartered Accountant for the Appellant.
Shri V.R. Pavan Kumar, Authorized Representative for the Respondent.

CORAM: HON'BLE Mr. ANGAD PRASAD, MEMBER (JUDICIAL)

FINAL ORDER No. A/30436/2026

Date of Hearing: 14.07.2026
Date of Decision: 07.08.2026

The present appeal has been filed by M/s Coromandel International Ltd., (hereinafter referred to as appellant) against the impugned Order-in-Appeal No. VJD-CUSTM-000-APP-055-2025-26 dated 23.09.2025 passed by the Commissioner of Customs (Appeals), whereby, the appeal filed by the appellant against rejection of its refund claim of interest amounting to ₹ 4,25,914/- was dismissed.

2. The fact, in brief, is that the appellant is engaged in the manufacture of fertilizers, pesticides, speciality nutrients and crop-protection products. The dispute in the present appeal concerns refund of interest paid by the

appellant under Section 47(2) of the Customs Act, 1962 on account of the alleged delay in payment of Customs duty.

3. The Electronic Cash Ledger system was introduced by the Department under the Customs (Electronic Cash Ledger) Regulations, 2022. According to the appellant, it had registered itself on the ICEGATE portal and initiated payment of Customs duty within the prescribed time. However, due to technical glitches in the newly introduced payment system, though the amounts were debited from the appellant's bank account, the corresponding credit was not reflected in its Electronic Cash Ledger. Since the payment was not reflected in the Electronic Cash Ledger, the appellant was unable to generate the requisite challans and the Department was unable to grant "out of charge" electronically. On representations made by the appellant, manual "out of charge" was granted subject to exclusion of undertakings to pay differential duty, penalty, interest and other charges, if fund payable. The amounts remitted by the appellant were subsequently reflected in its Electronic Cash Ledger after a delay of about 15 days. The appellant thereafter generated challans for payment of Customs duty. As the challans were generated after the prescribed due dates, the electronic system computed interest under Section 47 (2) of the Customs Act, 1962. The appellant paid such interest, aggregating to ₹ 4,25,914/-, in respect of six Bills of Entry. The interest was paid through challans dated 18.04.2023 and 22.04.2023.

4. The appellant claims that the Central Board of Indirect Taxes and Customs had issued orders for waiver of interest arising from system-related difficulties in the newly introduced Electronic Cash Ledger mechanism. According to the appellant, one of the conditions stipulated in the relevant

waiver order was that the duty and interest should be paid within 3 days from the date of removal of system inability, as certified by the Directorate General of Systems. The appellant states that it was not aware of the operational procedure for obtaining the required certification from the Directorate General of Systems. It claims that the procedure was brought to its notice during a Trade Facilitation Meeting and that, immediately thereafter, it filed the refund application on 20.06.2024.

5. The Original Authority rejected the refund claim on the ground that it had been filed beyond the period one year prescribed under Section 27 of the Customs Act, 1962. The Commissioner (Appeals), upheld the rejection, observing that the interest had been paid on 18.04.2023 and 22.04.2023, whereas, the refund claim was filed only on 20.06.2024.

6. Learned Counsel for the appellant submits that the appellant had initiated the payment of Customs duty within the prescribed period and the corresponding amounts had also been debited from its bank account. The delay in reflection of the amount in the Electronic Cash Ledger was entirely attributable to technical glitches in the ICEGATE portal and was beyond the control of the appellant.

7. It is submitted that interest under Section 47(2) is attracted only when the importer fails to pay the Customs duty within statutorily prescribed period. Since the appellant had made the payment within time and only its reflection in the Electronic Cash Ledger wad delayed due to a system failure, there was no delay attributable to the appellant and consequently no interest was legally payable.

8. Learned Counsel further submits that the interest was paid only because the electronic system did not permit generation of the duty-payment challans unless the automatically calculated interest was also paid. The payment was therefore made under compulsion and cannot be regarded as interest validly levied under Section 47(2) of the Customs Act, 1962.

9. It is contended that an amount collected without authority of law does not acquire the character of duty or interest merely because it was described as such by the Department. Such an amount constitutes and unauthorized exaction and the limitation prescribed under Section 27 of the Customs Act would not apply to its refund. Learned Counsel accordingly prays that the impugned order be set aside and the Department be directed to refund ₹ 4,25,914/- to the appellant.

10. Learned Authorized Representative appearing for the Revenue supports the impugned order. He submits that the appellant itself approached the Customs Authorities by filing an application of the under Section 27 of the Customs Act for refund of the interest paid by it. Once the refund claim is filed before the statutory Customs Authorities, the same has necessarily to be examined in accordance with Section 27, including the limitation prescribed therein.

11. It is submitted that the interest was paid on 18.04.2023 and 22.04.2023, whereas, the refund application was filed on 20.06.2024. The application was, therefore, admittedly file after expiry of one year from the dates of payment.

12. Learned Authorized Representative submits that neither the Adjudicating Authority nor the Commissioner (Appeals), nor this Tribunal,

being creatures of statute, has any power to relax or extend the period of limitation prescribed under Section 27 of the Customs Act, 1962. Learned Authorized Representative relies upon the following decisions:

(i) IFGL Refractories Ltd., Vs Commissioner of Central Tax, Guntur [2024 (11) TMI 807 – CESTAT Hyderabad]

(ii) Oil and Natural Gas Corporation Ltd., Vs CGST & Central Excise, Tiruchirapalli [2024 (6) TMI 1417 – CESTAT Chennai (LB)]

(iii) Commissioner of Central Tax, Guntur – GST Vs P. Venkata Ramanaiah & Co. [2026 (4) TMI 609 – CESTAT Hyderadad]

(iv) International Advance Research Centre for Power Metallurgy and Materials Vs Commissioner of Customs, Hyderabad – Customs [2026 (7) TMI 666 – CESTAT Hyderabad]

(v) Mafatlal Industries Ltd., Vs Union of India [1997 (89) ELT 247 (SC)]

13. I considered the submissions made by both sides and perused the appellant records.

14. The short issue that arises for consideration is whether the refund claim filed by the appellant on 20.06.2024 for refund of interest paid on 18.04.2023 and 22.04.2023 can be entertained beyond the period of one year prescribed under Section 27 of the Customs Act, 1962.

15. Section 27 (1) of the Customs Act provides that any person claiming refund of any duty or interest paid or borne by him may make an application of such refund before the expiry of one year from the date of payment of such duty or interest. The limitation of one year does not apply where the duty or interest has been paid under protest. In the present case, there is no material on record to establish that the interest was paid under a written protest. The fact that the payment was made to enable generation of the electronic challans or to complete clearance formalities does not, by itself, amount to payment under protest for the purposes of the statutory proviso to Section 27 of the Customs Act, 1962. The interest was paid through the

relevant challans on 18.04.2023 and 22.04.2023. The period of one year, therefore, expired on 18.04.2024 and 22.04.2024 respectively. The refund claim was admittedly filed only on 20.06.2024. Thus, calculated from either of the dates of payment, the claim was filed after expiry of the statutory period. The principal contention of the appellant is that the amount collected as interest was without authority of law and, therefore, the statutory limitation under Section 27 would not apply. I am unable to accept the contention in the proceedings before me.

16. In the case of Mafatlal Industries Ltd., supra, the Constitution Bench of the Hon'ble Supreme Court held, by majority that claims for refund for duties collected under an unconstitutional or an erroneous of the taxing statute are ordinarily required to be pursued under the relevant provisions contained in the relevant enactment. The statutory procedure governing refund, including limitation and unjust enrichment, cannot be bypassed by describing the levy as illegal or unauthorized. The limited exception recognized in the judgment pertains to a levy imposed under an unconstitutional provision or otherwise falling within the exceptional category identified therein, in proceedings under the Constitutional Jurisdiction of the High Courts or the Supreme Court. The present proceeding is not writ petition invoking the Constitutional Jurisdiction under Article 226 or Article 32 of the Constitution of India. The appellant filed a refund claim before the Assistant Commissioner under the Customs Act. The Adjudicating Authority, the Commissioner (Appeals), and this Tribunal being statutory authorities and are bound by the conditions and limitations prescribed under Section 27 of the Customs Act, 1962.

17. The Larger Bench of the Tribunal in the case of Oil and Natural Gas Corporation Ltd., supra, examined the contention that limitation under the statutory refund provision would not apply where the tax or duty was paid by mistake or was allegedly not payable. It was held that refund claim presented before Departmental Authorities are required to be processed within the statutory framework and that the authorities functioning under the enactment cannot grant refund by ignoring the limitation prescribed therein. The decision recognizes the exceptional Constitutional Jurisdiction on the High Courts and Supreme Court but does not confer any such power upon statutory authorities or the Tribunal. This principle has subsequently been applied by the Tribunals.

18. In the case of IFGL Refractories Ltd., supra, the Hyderabad Bench upheld rejection of a refund claim which had not been filed within one year from the date of payment. It was held that a statutory authority considering a claim under the Customs Act cannot disregard the limitation expressly prescribed under Section 27 of the Customs Act. The relevant paragraphs of the aforesaid judgment are reproduced below for ready reference:

> "31. To sum up, from the facts of the case and submissions made by both the sides, it is apparent that in this case there has been a mistake in making excess payment of Customs Duty, which is not being disputed by either sides, however, this excess payment, whether it is in the nature of duty or otherwise has been discussed in detail the foregoing paras and it is clear that in the given set of facts, it was in the nature of duty only and therefore, it would be required to be dealt with in accordance with the provisions under Section 27 of the Customs Act in view of various judgments cited in support of the submissions that refund of any amount under the Customs Act has to be dealt with in accordance with Section 27 only and not otherwise.
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> 32. Thus, in the given factual matrix, respectfully following the various judgments cited by learned AR and especially the majority decision in the case of Mafatlal Industries Ltd (supra), the provisions of Section 27 will be applicable in full force. The claim was filed before the customs authority,

> who is a creature of statute and therefore, he is bound by the provisions of the Act itself while considering the claim for refund unlike the Hon'ble High Courts and Hon'ble Supreme Court, who have wider jurisdiction and power under Article 226 and Article 32 of the Constitution respectively. It is also no longer res integra that the Tribunal is a creature of statute, which has to function within the four walls of statute itself. Therefore, in the facts of the C/30233/2024 case, no fault can be found with the rejection of the refund claim, which has admittedly been filed beyond the limitation period under the relevant statute i.e., Customs Act, 1962 and therefore, there is no ground for interfering with the order of the Commissioner (Appeals)."

19. In the case of P. Venkata Ramanaiah & Co., supra, the Hyderabad Bench considered a case in which the assessee had paid Service Tax in excess of the amount legally payable. Even though the payment was in excess of statutory liability, the Tribunal hold that the refund has to be examined under Section 11B of the Central Excise Act, including its limitation and unjust-enrichment requirements. It was specifically observed that, except for the limited exceptions recognized in Mafatlal Industries Ltd., supra, refund claim have to be decided within the statutory period of limitation. The ratio of the above decision applies with equal force to the present case. Even assuming, for the purpose of argument, that the appellant had paid interest which was ultimately not legally payable, the refund application filed before the Customs Authority continued to be governed by Section 27 of the Customs Act.

20. In the case of International Advanced Research Centre for Power Metallurgy and New Materials, supra, the Hyderabad Bench reiterated that claims for refund of Customs duty must satisfy the limitation and procedural requirements contained in Section 27 of the Customs Act. A refund claim filed beyond the prescribed period cannot be granted by the Departmental Authority or the Tribunal merely on the plea that the amount was not

otherwise payable. The relevant paragraphs of the aforesaid judgment are reproduced below for ready reference:

"6. We find that admittedly, the refund application was filed after a lapse of the period specified under section 27 of the Customs Act, 1962. No formal refund claim was filed with all the required annexure. However, even if we consider that the same is procedural, we find that the Larger Bench of the Tribunal in the case of Oil & Natural Gas Corporation Ltd Vs GST & CE, Tiruchirapalli (supra) after analyzing all the relevant judgments in this regard and the decision of Hon'ble Apex Court in the case of Mafatlal Industries Ltd Vs UOI [1996 (12) TMI 50 – SC], held as follows:

> "74. This inference is further strengthened from the observation of the Hon'ble Supreme Court in interpreting the term 'law' appearing at Article 265 of the Constitution of India. Their Lordships held that the provisions of the enactments including Section 11B of the Central Excise & Salt Act, 1944 and Section 27 of the Customs Act, 1962 do constitute 'law' within the meaning of Article 265 of the Constitution of India and hence any tax collected, retained or not refunded in accordance with the said provisions must be held to be collected, retained or not refunded as the case may be, under the authority of law. In other words, all 'illegal levy' are held to be collected without authority of law and to be refunded as prescribed under Section 11B of the Central Excise Act, 1944 and Section 27 of Customs Act, 1962. Further, it is very clearly laid down by the Hon'ble Apex Court that all refund claims except that of unconstitutional levy had to be and must be filed and adjudicated under the provisions of the Central Excise & Salt Act or the Customs Act, as the case may be. Further it is laid down that these acts provide a complete mechanism for correcting any errors whether of fact or law and that not only an appeal is provided to the Tribunal which is not a departmental organization, but to this court which is a civil court."
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> 7. In view of the above, we find that the appeal is devoid of merit. Hence, the appeal is dismissed."

21. The Bench find that the wavier orders relied upon by the appellant themselves prescribed conditions for availing wavier or refund of interest, including payment within the stipulated period following restoration of the system and certification of the system inability by the Directorate General of Systems. Such administrative orders cannot be interpreted as dispensing with the limitation enacted by Parliament under Section 27 unless the statute itself or the relevant notification especially provides such exclusion.

22. The appellant's assertion that it became aware of the operational guidelines only during the Trade Facilitation Meeting may explain the reason for the delay. However, it cannot confer jurisdiction upon the authority to condone a delay for which the Customs Act makes no provision. Section 27 does not authorize the Assistant Commissioner, the Commissioner (Appeals), or this Tribunal to extend the period of one year on the ground of sufficient cause, bonafide conduct, technical difficulty or late knowledge by the procedure. It is settled that where the statute prescribes a particular period for seeking a statutory remedy and does not confer any power of condonation, neither equity nor hardship can be employed to enlarge that period. A Tribunal created under the statute cannot exercise powers which statute has not conferred upon it.

23. The question whether the appellant had, in fact, initiated the bank transfer within the due date and whether interest under Section 47(2) of the Customs Act, 1962 was otherwise leviable may have relevance to the substantive entitlement to refund. However, before the merits can be examined, the claim must be maintainable under the statutory refund provision. Since the refund application itself was filed beyond the period prescribed under Section 27, the claim is barred by limitation and cannot be entertained on merits.

24. The argument that the amount was not "interest" but an unauthorized collection is also liable to be rejected in the present statutory proceedings. The payment was made and accounted for as interest under Section 47(2), and refund thereof was sought from the Customs Authority. The nature of the challenge raised by the appellant does not take the claim outside Section 27 of the Customs Act, 1962.

25. Therefore, the refund claim filed on 20.06.2024 in respect interest paid on 18.04.2023 and 22.04.2023 was barred by limitation under Section 27 of the Customs Act, 1962.

26. In view of the above discussion, the impugned order dated 23.09.2025 is upheld. The appeal filed by the appellant is dismissed.

(Pronounced in open court on 07.08.2026)

(ANGAD PRASAD)
MEMBER (JUDICIAL)

Shirisha