Case Citation: (2026) taxcode.in 1511 HC

HC-KAR

NC: 2026:KHC:44440
WP No. 5270 of 2026

CNR: KAHC010118652026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 18TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 5270 OF 2026 (T-RES)

BETWEEN:

M/S. ANDROID MOTORS PVT LTD
INCORPORATED UNDER
THE COMPANIES ACT, 1956
REPRESENTED BY ITS DIRECTOR
SRI. RAVI MUNI REDDY,
AGED ABOUT 72 YEARS,
NO. 42/1, NANJAPPA ROAD,
SHANTHI NAGAR,
BENGALURU-560027.

...PETITIONER

(BY MS. PASUMARTHI MANJUSHA., ADVOCATE FOR
SRI. M N SHANKARE GOWDA., ADVOCATE)

AND:

1. THE ASSISTANT COMMISSIONER OF
(LGSTO)-111, JAYANAGAR,
BENGALURU- 560011.

2. THE JOINT COMMISSIONER OF
COMMERCIAL TAXES,
DGSTO-03, BANGALORE - 560027.

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3. COMMISSIONER OF COMMERCIAL TAXES,
VANIJYA THERIGE KARYALAYA,
GANDHINAGAR, BENGALURU - 560 009.

4. THE GOVERNMENT OF KARNATAKA
DEPARTMENT OF FINANCE
REPRESENTED BY ITS SECRETARY,
VIDHANA SOUDHA,
BENGALURU - 560 001.

...RESPONDENTS

(BY SRI.K. HEMA KUMAR., AGA)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO (A) QUASHING THE IMPUGNED REVISED REFUND REJECTION ORDER DATED 17.01.2026 IN FORM GST RFD-06 PASSED BY THE 1ST RESPONDENT (ANNEXURE -L) IN THE PETITIONERS CASE; B) DECLARE THAT THE 1ST RESPONDENT IS ILLEGALLY HOLDING AGAINST ARTICLE 265 OF THE CONSTITUTION OF INDIA AN AMOUNT OF RS. 46,50,351/- WHICH WAS BY MISTAKE FOR THE SECOND TIME REVERSED IN THE PETITIONERS CASE; C) DIRECTION TO THE 1 RESPONDENT TO REFUND TRAN-1 AMOUNT WHICH WAS ERRONEOUSLY REVERSED FOR THE 2ND TIME IN THE PETITIONER'S CASE ALONG WITH INTEREST U/S 56 OF CENTRAL GOODS AND SERVICES TAX ACT, 2017; D) DECLARE THAT THE APPLICATION FOR REFUND FILED BY THE PETITIONER IS NOT BARRED BY TIME

UNDER SECTION 54(1) CENTRAL GOODS AND SERVICES TAX ACT, 2017.

THIS PETITION, COMING ON FOR FRESH MATTER, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE B M SHYAM PRASAD

ORAL ORDER

The petitioner's grievance is with the first respondent's Order dated 17.01.2026, and the first respondent, by this impugned order, has rejected the petitioner's application for refund citing provisions of Section 54[1] of the Central Goods and Services Tax Act, 2017 [CGST Act] observing that the application is filed beyond the time limit of two years from the relevant date as contemplated under Section 54[1] of the CGST Act. The first respondent's observation in this regard reads as under:

> *Section 54(1) expressly stipulates a* ***time limit of two years from the relevant date*** *for filing a refund application. The*

CGST Act does not confer any power upon the authorities to condone delay in filing such claims. Refund is a ***statutory right and not an inherent or constitutional right*** *and therefore must be exercised strictly within the framework of the Act. Since the refund application in the present case has been filed beyond the prescribed limitation period, the claim is* ***time-barred and liable to be rejected on this ground alone."***

2. The first respondent has also observed that the petitioner would not be entitled for a refund because it would not be zero-rated *supplies* made without payment of tax or an accumulation of Input Tax Credit [ITC] on account of an inverted duty structure. Ms. Pasumarthi Manjusha, the learned counsel for the petitioner, and Sri K. Hema Kumar, a learned Additional Government Advocate, who is supported by Ms. Malavika Prasad, a learned High Court Government Pleader, are heard on:

Whether this Court could condone the delay and restore the proceedings for re-examination in the light of a Division Bench's Order dated 17.03.2026 in Writ Appeal No. 110/2026 and a connected matter.

3. The Division Bench has summarized the reasoning and the conclusion on condonation of delay when an application for refund is filed beyond the period of two years as contemplated under Section 54 of the CGST Act, and the summation is as under:

"12. In the light of the above reasoning and discussion, we conclude as under:

(a) The period of two years prescribed under Section 54 of the CGST Act, 2017 is mandatory.

(b) As no remedy is provided under CGST Act to consider a refund claim under Section 54, if filed belatedly, it is open to any person claiming refund to avail remedy under Article 226 of the Constitution of India.

(c) The condonation of delay ordered by the Court shall be subject to the condition that corresponding extension of time is granted in favour of the proper officer to invoke other applicable provisions, including Sections 73 and 74 of the Act, as may be necessary.

(d) If such other remedies were otherwise available had the refund claim been filed within two years under Section 54 of the Act, the same shall continue to remain available.

(e) Once condonation of delay is granted by the Court in filing the refund claim, the claim shall be treated as having been filed within the prescribed period of two years, thereby enabling all consequential benefits to the claimant as well as the exercise of appropriate powers by the proper officer under the Act.

(f) The scope of a writ petition under Article 226 would ordinarily be limited to the question of condonation of delay, and would not ordinarily extend to determination of the refund claim itself, unless the entitlement to the refund is undisputed."

4. It follows from the afore that this Court, if circumstances justify, could condone the delay but must ordinarily allow the authorities to examine the question of refund. The petitioner's case hinges on two essential aspects.

- The TRAN-I credit has been reversed twice erroneously once as per Annexure-C and another as per Annexure-D and these have not been considered while rejecting the petitioner's claim and the petitioner was not aware of these erroneous entries until a Chartered Accountant could go through the papers when conducting the appeal against penalty orders.

- The petitioner proposes to rely upon two documents to contend that

TRAN-1 credit has been reversed twice and relies upon documents which may not have been noticed until pointed out by the Chartered Accountant.

These circumstances provide, in this Court's considered view, just cause for condonation of delay and for restoration of the application for due consideration calling upon the first respondent to consider whether a refund could be admitted even in the circumstances asserted by the petitioner based on Annexures - C and D. In the light of the afore the following,

ORDER

[A] The petition is allowed, and the impugned order is set aside restoring the proceedings for reconsideration with liberty to the petitioner to file

detailed response along with copies of Annexure - C and Annexure- D.

[B] The petitioner shall file these documents with the first respondent by **21.09.2026.**

Sd/-
(B M SHYAM PRASAD)
JUDGE

NV