

HC: Department Cannot Withhold GST Refund Without Challenging Appellate Order

CA Prakash Chandra Jain

P.O. Brajrajnagar

Odisha- 768216

Cell: 94375-41690 / 70087-12242

Email: prakashchjain@yahoo.co.in



REFER THE DECISION OF THE HON'BLE DELHI HIGH COURT IN THE CASE OF

K-NXT Logisticx Pvt. Ltd. vs. Union of India; Citation: (2025) 31 Centax 33 (Del.)

Facts of the Case:

The petitioner, K-NXT Logisticx Pvt. Ltd., had been granted GST refund by the appellate authority through a reasoned order.

Despite the favorable appellate order, the department withheld the refund, citing its own internal opinion or disagreement with the appellate ruling.

Crucially, the department had not filed an appeal or initiated any proceeding to challenge the appellate order.

Aggrieved by the inaction, the petitioner approached the Delhi High Court seeking enforcement of the refund.

Hon'ble High Court Judgement:

The Delhi High Court ruled in favour of the assessee, holding that the department cannot unilaterally withhold refund merely based on its internal views or dissatisfaction with the appellate order.

The Court emphasized that unless the department challenges the appellate order through proper legal channels, it is bound to comply with it.

The department's refusal to release the refund without any appeal or stay was found to be arbitrary and contrary to law.

Therefore, the Court directed the immediate release of the refund as per the uncontested appellate order.