

HC: ITC Reversal Verified — Demand Notice Set Aside

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 GUJRAT HIGH COURT IN THE CASE OF

Sharda Construction v. State of Gujarat - [2025] 175 taxmann.com 337 (Gujarat)

Facts of the Case:

Sharda Construction, a builder, had availed Input Tax Credit (ITC) and reversed the portion attributable to exempt supplies, as per Section 17(2) of the CGST Act, 2017. Despite this, the department issued a demand notice alleging non-reversal of ITC.

Hon'ble High Court Judgement:

The Gujarat High Court held that since the assessee had already reversed the ITC proportionately, the respondent authority had no jurisdiction to raise a demand merely on the assumption of non-reversal. **The case was remanded back to the department to verify the actual ITC reversal done by the petitioner.**