

HC: Interest under Section 56 on Delayed GST Refund is Automatic after 60 Days — No Separate Claim Needed

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

Xilinx India Technology Services (P.) Ltd. v. Assistant Commissioner State Tax - [2025] 177 taxmann.com 106 (Delhi)

FACTS:

Assessee: Xilinx India Technology Services (P.) Ltd.

The assessee had filed a valid GST refund application under the CGST Act.

The department sanctioned the refund but released the amount after significant delay — beyond 60 days from the date of receipt of the refund application.

The assessee sought interest on the delayed refund under Section 56 of the CGST Act, 2017.

The department contended that the assessee had not filed a separate application for interest, so it was not payable automatically.

Hon'ble High Court Judgement:

The Delhi High Court held that:

Section 56 clearly mandates that interest at 6% per annum becomes payable automatically if the refund is not made within 60 days from the date of receipt of a complete application.

The provision does not require the taxpayer to make a separate claim for interest — it is a statutory right.

The department's obligation to pay interest is automatic and mandatory once the 60-day period expires.

Any delay beyond 60 days, irrespective of reasons, triggers the liability to pay interest.