

HC: Delayed GST Refunds Attract 6%/9% Interest

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

Lupin Ltd. v. Union of India Citation: [2025] 177 taxmann.com 335 (Bombay)

Lupin Ltd., a well-known pharmaceutical company, had applied for a **GST refund**.

According to law, once a refund application is filed, the department must **sanction and disburse it within 60 days**.

But in Lupin's case, the department delayed. The company had to wait far beyond the statutory limit.

Lupin argued before the **Bombay High Court**:

"If the government delays refunds, businesses suffer. The law clearly provides for **interest on delayed refunds**."

The Court examined Section 56 of the CGST Act and clarified two key principles:

1. From the date of original application:

- If the refund is not granted within 60 days, the taxpayer is entitled to **6% interest** on the delayed amount.

2. From appellate orders:

- If the refund arises because of an **Appellate Authority or Tribunal's order**, and still it is not paid within 60 days, the taxpayer is entitled to a **higher interest of 9%**.

Thus, the Court directed the department to pay Lupin both the refund and the applicable interest.