

HC: ITC Denied for Non-Payment to Suppliers Within 180 Days

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

Tara Lohia Pvt. Ltd. v. Additional Commissioner, CGST & CX *Citation: (2025) 33 Centax 184 (Cal.)*

Tara Lohia Pvt. Ltd., a registered taxpayer, claimed **Input Tax Credit (ITC)** on purchases from its sundry creditors.

As per GST law, there's a simple condition:

👉 If you take ITC on purchases, you must **pay your supplier within 180 days** from the invoice date. If not, the ITC must be reversed.

When the department asked for proof of payments, Tara Lohia Pvt. Ltd. failed to show any **bank statements** or documents to confirm that payments had been made to suppliers within the required period.

The company argued:

“We have genuine transactions. Why should ITC be denied just for lack of papers?”

But the **Calcutta High Court** took a strict view.

The law is clear — **no payment within 180 days = no ITC.**

Burden of proof lies on the assessee.

Since Tara Lohia Pvt. Ltd. could not substantiate payments, the ITC was rightly denied.

Conclusion

The Court upheld the department's action, ruling that the ITC was irregularly availed.