

## HC: Period for Refund Starts from Date of Rectification, Not Original Wrong Payment

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REFER THE DECISION OF THE HON'BLE PATNA PRADESH HIGH COURT IN THE CASE OF

**Sai Steel v. State of Bihar** *Citation: (2025) 33 Centax 178 (Pat.)*

**Sai Steel, a trader, made a mistake.**

**Instead of paying IGST on certain inter-State transactions, it accidentally paid CGST + SGST. Later, during an audit, this error came to light. To fix it, Sai Steel deposited the correct IGST.**

**Now, having paid both types of taxes for the same supply, the company applied for a refund of the wrongly paid CGST + SGST.**

**The department objected:**

**“You’re late! The limitation period for refund should be counted from the date of the original wrong payment (CGST/SGST), not from the date you corrected it by paying IGST.”**

**Sai Steel argued:**

**“That makes no sense. The refund right arises only after the correct IGST is paid, because until then the department wouldn’t even recognize the double payment.”**

**The matter went to the Patna High Court.**

**The Court agreed with Sai Steel:**

- **The relevant date for limitation is the date of IGST payment, because only from then does the refund claim become valid.**
- **Counting from the date of the wrong CGST/SGST payment would unfairly penalize the taxpayer.**

### Conclusion

**Result: The refund claim was held within time, and Sai Steel was entitled to get back the wrongly paid amount.**