

HC: Refund cannot be delayed when no deficiency memo is issued in time

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

Gameloft Software (P.) Ltd. v. Assistant Commissioner of Central Tax [2025] 180 taxmann.com 177 (Delhi High Court)

Gameloft Software, a global gaming company with an office buzzing with young developers and designers, discovered something troubling one morning: They had **overpaid IGST**.

Not a small amount—enough to make the finance team sit up straight.

“Let’s file a revised refund application,” the Finance Head said. And they did. Properly, carefully, with every document attached. Weeks passed. No response. No objection. No deficiency memo. Nothing. Silence from the tax department.

The employees kept checking the portal. “*Still pending...*”. “*Still pending...*”. Every day the same status. But since no deficiency memo was issued, the team believed everything was in order.

Then, months later, a letter arrived—and it felt like a twist in a mystery novel. The department suddenly claimed: “Your refund is being withheld due to incomplete documents.”

The finance team stared at each other in disbelief. “Incomplete? After all this time? And they never even told us within the legally allowed period!”

It felt like playing a game where the rules changed after the match ended. With no other option, Gameloft went to the **Delhi High Court**.

INSIDE THE COURTROOM

The court was calm, but the judge’s tone was firm. “Did you issue a deficiency memo within the statutory timeline?” the judge asked the tax department. The officer shuffled papers. “No, My Lord... but the documents—”

The judge raised a hand. “If you failed to issue the memo on time, you cannot freeze the refund now. Statutory timelines exist for a reason.”

Gameloft’s counsel nodded. “The application was complete, My Lords. And even if there were doubts, the department should have responded within time.”

The judge looked at both sides thoughtfully and delivered the order:

The refund applications **must be processed within statutory timelines**.

- Gameloft must appear before the department and clarify any queries.
- The department must pass a **reasoned refund order within one month**.
- No more indefinite delays. No more silent withholding.

Gameloft’s team finally smiled. The long, confusing wait was finally coming to an end.

