

HC Sends Case Back, Says Interest and Penalty Are Not Justified When Unused ITC Is Reversed.

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

Fairmacs Shipstores Pvt. Ltd. V/s Deputy Commissioner (ST), decided on 12-2- 2025

Key Issues:

Is the Levy of Interest and Penalty Justified on Unutilized ITC That Has Been Reversed?

The Hon'ble High Court Judgement:

Where the assessee availed input tax credit but did not utilize it and subsequently reversed the same, the order imposing interest and penalty was unjustified. **Accordingly, the order was set aside, and the matter was remanded for passing fresh orders.**

Section 16 of Central Goods and Services Tax Act, 2017.