

Assessing the Validity of ITC When Supplier Is Retrospectively Declared Non-Existent

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REFER THE DECISION OF THE HON'BLE CALCUTTA HIGH COURT

Niranjan Paul vs. Assistant Commissioner of State Tax, Siliguri Charge [WPA 707 of 2025], decided on 08.04.2025

Key Issues:

Denial of Input Tax Credit (ITC) on purchases from *Global Bitumen*, a registered supplier, on the grounds that the supplier was later found non-existent and its registration was retrospectively cancelled.

Hon'ble Court's Key Findings

1. Retrospective Cancellation Not Sufficient:

The High Court held that retrospective cancellation of a supplier's registration cannot, by itself, justify denial of ITC to a recipient who has complied with legal requirements at the time of transaction.

2. Due Diligence & Documentation Matter:

The petitioner had produced documents proving the genuineness of the purchase and the supplier's active registration during the relevant period.

3. Improper Adjudication:

The authorities failed to properly consider the petitioner's evidence and relied solely on retrospective cancellation.

Hon'ble High Court Judgement:

The High Court set aside both the adjudication and appellate orders. **Matter Remanded:** Case was sent back for fresh consideration, directing the authorities to properly assess the ITC eligibility based on facts at the time of transaction.