

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

R/SPECIAL CIVIL APPLICATION NO. 17720 of 2024

FOR APPROVAL AND SIGNATURE:

HONOURABLE MR. JUSTICE BHARGAV D. KARIA
and
HONOURABLE MR. JUSTICE PRANAV TRIVEDI

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Approved for Reporting	Yes	No

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VINEET POLYFAB PVT. LTD. & ANR.
Versus
UNION OF INDIA & ORS.

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Appearance:
MS HIMANSHI PATWA FOR MR ANANDODAYA S MISHRA(8038) for the
Petitioner(s) No. 1,2
MR ANKIT SHAH(6371) for the Respondent(s) No. 1
MR CB GUPTA(1685) for the Respondent(s) No. 2,3
NOTICE SERVED BY DS for the Respondent(s) No. 4,5

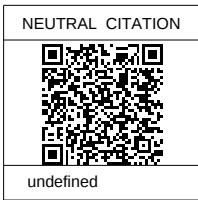
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CORAM:**HONOURABLE MR. JUSTICE BHARGAV D. KARIA**
and
HONOURABLE MR. JUSTICE PRANAV TRIVEDI

Date : 19/09/2025
ORAL JUDGMENT

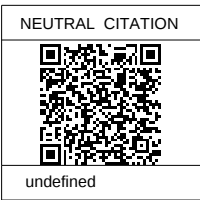
(PER : **HONOURABLE MR. JUSTICE BHARGAV D. KARIA**)

1. Heard learned advocate Ms. Himanshi
Patwa for learned advocate
Mr. Anandodaya Mishra for the
petitioner, learned advocate Mr. Parth
Mehta for learned Senior Standing



Counsel Mr. Ankit Shah for respondent No.1, learned Senior Standing Counsel Mr. C.B.Gupta for respondent Nos. 2 and 3 and learned Assistant Government Pleader Ms. Shrunjal Shah for respondent Nos. 4 and 5.

2. Rule returnable forthwith. Learned advocates for the respondents waive service of notice of rule.
3. Learned advocate Ms. Himanshi Patwa for the petitioner, at the outset, submitted that after filing of the petition before this Court, the respondent-authorities have sanctioned the refund pursuant to the refund claim made by the petitioner, however, no interest is awarded to the petitioner

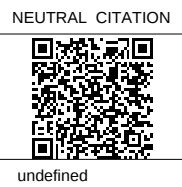


as per the provision of section 56 of the Central/State Goods and Service Tax Act, 2017 (for short 'the GST Act'). It was prayed by learned advocate for the petitioner to direct the respondent-authority to pay interest as per the provisions of the Act.

4. Brief facts of the case are as under:

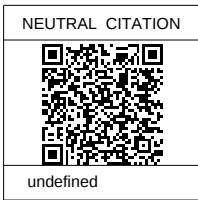
4.1 The petitioner filed 05 Shipping Bills of Polyester draw texturised yarn at Hazira Port, details of which are as under:

Sr No	SB No.	SB Date	Invoice No.	Invoice Value	IGST Amount	IGST Payment Status	Error Code
1	1843003	02.03.2020	VPO11650 VPO11651	1161357 1064450	1393620	IGST Paid LUT	SB000 SB000
2	1872532	03.03.2020	VPO11684 VPO11685 VPO11686	1147092 505316 560519	137650 6037 0	IGST paid IGST Paid LUT	SB000 SB000 SB000
3	190268	04.03.2020	VPO11729	582915	0	LUT	SB000



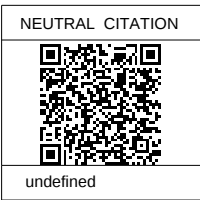
	3	0	VPO117230	1724677	206960	IGST Paid	SB000
4	205974 8	11.03.202 0	VPO11916 VPO11917 VPO11918	870252 941188 401212	104430 0 0	IGST Paid LUT LUT	SB000 SB000 SB000
5	211068 1	13.03.202 0	VPO11983 VPO11984	870252 1342400	104430 0	IGST Paid LUT	SB000 SB000

4.2 The petitioner paid IGST amount of Rs. 7,53,469/- for which, no refund was sanctioned by the system on filing of the Shipping Bills. The reason for not granting the refund by the system was that the GSTN Integration status report of ICES System was showing the response code as SB000 which was normally a success code in IGST integration and no window was provided to rectify the error code SB000 at Hazira Port. As the petitioner was entitled to the refund of the IGST paid



on the export, in view of the incorrect code, the scroll amount pertaining to the petitioner was showing 'NIL' which was transmitted from GSTIN and therefore, such data transmitted from GSTIN was not reflected properly.

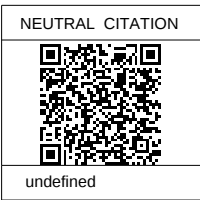
4.3 It is the case of the respondents that several efforts were made to resolve the issue by writing letters to the DG Systems and Saksham Seva Help Desk but no fruitful result was received and written request of the petitioner was rejected by the concerned State GST Authority citing the reason that as per ICE-GATE Help Desk the petitioner had to contact the local customs and proceed for scroll



generation as GST scroll status was ready. It is also case of the Department that efforts were made to give supplementary IGST for the Shipping Bills however, the system did not permit the same.

4.5 The petitioner therefore, filed Special Civil Application Nos. 20200/2022 and 17726/2024 before this Court for refund of the IGST amount of Rs. 7,53,469/-.

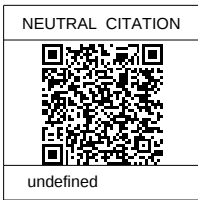
5. This petition was heard on 18.06.2025 and on showing our displeasure on inaction of the department in granting refund to the petitioner though the petitioner is eligible for such refund,



learned counsel Mr.Gupta requested the respondent-Department to resolve the issue at the earliest.

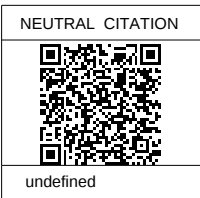
6. As a result of such a request made by learned advocate Mr. Gupta, the Principal Commissioner, Ahmedabad approved for manual processing of IGST refund on 23.06.2025 as all the possible efforts to process the refund online had failed.

7. We appreciate the efforts made by learned advocate Mr. C.B.Gupta requesting the respondent-Department to resolve such issue as there was no fault on part of the petitioner to claim the refund.



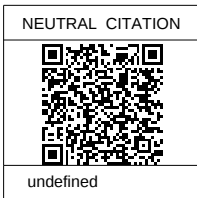
8. However, it also appears that the respondent-authority did not grant the interest on the delayed payment of refund to the petitioner on the ground of finding fault of the petitioner in filing the 05 Shipping Bills and errors were also found while filing GSTR, however without there being any material to show on record what mistake was committed by the petitioner, the respondent-authority has failed to show that how the petitioner has not filed accurately the GST return in the Shipping Bills which has led to non-processing of the refund claim.

9. On the contrary, in the affidavit filed on behalf of the respondent affirmed on 28.08.2025, it is averred as under:



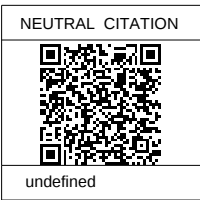
"5. That, normally all the Integrated Goods and Services Tax (IGST) Refunds are processed automatically in the Indian Customs Electronic Data Interchange System (ICES) as per following procedure:

"That processing of the refund of Integrated Goods and Service Tax (IGST) paid at the time of export of goods is automated. Customs Electronic Data Interchange (EDI) System has an inbuilt mechanism to automatically grant refund of IGST after validating the Shipping Bill details available in Indian Customs EDI System (ICES) against the Goods and Services Tax Return details/data transmitted by the common portal of Goods and Services Tax (Goods and Services Tax Network-GSTN). If the necessary matching is successful, ICES processes the claim for refund of IGST and the amount of IGST paid in respect of Shipping Bill or Bill of Export gets

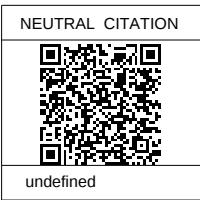


electronically credited to the exporter's bank account registered with the Customs Department.'

6. That, in the present case, GSTN Integration status report of ICES System is showing the response code as SB000 (normally a success code in IGST integration) and no window has been provided to rectify the error code SB000 at Customs Hazira Port. The eligible scroll amount as received from GSTN is '0' therefore, the total scroll amount pertaining to the exporter in the instant case is showing Nil. This shows that the data transmitted from GSTN is not reflected properly. It has been categorically mentioned in the Order-in-original dated 08.07.2025 that the said refund was pending due to technical glitch.



7. That, the petitioner has received IGST refunds for all the other shipments by following procedure as mentioned above. Hence, the IGST refund procedure is system automated. Also it is to note that the responsibility has been cast upon the exporters to accurately file GST Returns and Shipping Bill, failure to do so leads to non-processing of refund claims. The IGST cannot be held up by the department unless there is an alert on the exporter. It is just the procedure which has been mentioned in the said order and it is same for all exporters. Moreover, if the department holds that the petitioner is at fault, then the refund of IGST would not have been given manually."

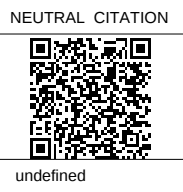


10. In view of the averments made on oath on behalf of respondent Nos. 2 and 3, it is clear that there was no fault on the part of the petitioner for submitting the Shipping Bills but there was a technical glitch in the system which has resulted into delayed payment of refund as the Commissioner was required to direct for manual processing to issue the refund after filing of this petition.

11. Section 56 of the GST Act reads as under:

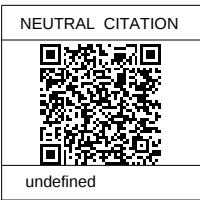
"Interest on delayed refunds

56. If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section



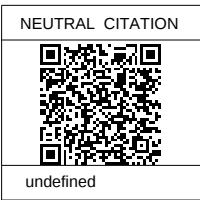
(1) of that section, interest at such rate not exceeding six per cent as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax:

Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.



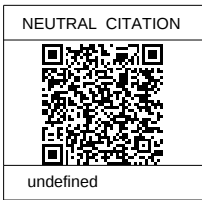
Explanation:- For the purposes of this section, where any order of refund is made by an Appellate Authority, Appellate Tribunal or any court against an order of the proper officer under sub-section (5) of [section 54](#), the order passed by the Appellate Authority, Appellate Tribunal or by the court shall be deemed to be an order passed under the said sub-section (5)."

12. The said provision of section 56 of the GST Act clearly provides that when the tax payer is not granted the refund as per the provision of section 54(5) of the GST Act within 60 days from the date of receipt of the refund application, which in the facts of the case is the date of filing of the Shipping Bills, interest is required to be paid to the tax payer-assessee. Provision of section 56 of the GST Act

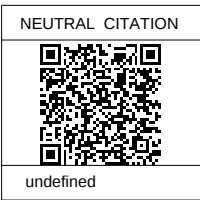


is a mandatory provision and the interest which is required to be paid under section 56 is compensatory in nature for delayed payment of refund which otherwise is not in dispute. Therefore, the respondents are required to pay the interest as per the provision of section 56 of the GST Act on the delayed payment of refund. The Hon'ble Supreme Court in case of **Ranbaxi Laboratories Ltd vs. Union of India** reported in 2011 (275) E.L.T. 3 (SC) in context of section 11BB of the Central Excise Act, 1944 which is *per materia* to section 56 of the GST Act has observed as under:

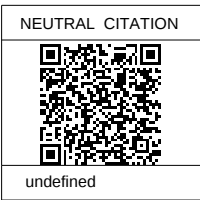
"9. It is manifest from the afore-extracted provisions that



Section 11BB of the Act comes into play only after an order for refund has been made under Section 11B of the Act. Section 11BB of the Act lays down that in case any duty paid is found refundable and if the duty is not refunded within a period of three months from the date of receipt of the application to be submitted under sub-section (1) of Section 11B of the Act, then the applicant shall be paid interest at such rate, as may be fixed by the Central Government, on expiry of a period of three months from the date of receipt of the application. The Explanation appearing below Proviso to Section 11BB introduces a deeming fiction that where the order for refund of duty is not made by the Assistant Commissioner of Central Excise or



Deputy Commissioner of Central Excise but by an Appellate Authority or the Court, then for the purpose of this Section the order made by such higher Appellate Authority or by the Court shall be deemed to be an order made under sub-section (2) of Section 11B of the Act. It is clear that the Explanation has nothing to do with the postponement of the date from which interest becomes payable under Section 11BB of the Act. Manifestly, interest under Section 11BB of the Act becomes payable, if on an expiry of a period of three months from the date of receipt of the application for refund, the amount claimed is still not refunded. Thus, the only interpretation of Section 11BB that can be arrived at is that



interest under the said Section becomes payable on the expiry of a period of three months from the date of receipt of the application under sub-section (1) of Section 11B of the Act and that the said Explanation does not have any bearing or connection with the date from which interest under Section 11BB of the Act becomes payable."

13. This Court also in case of **Panji Engineering Pvt. Ltd vs. Union of India** reported in 2023 (78) G.S.T.L. 214 (Guj.) following the aforesaid decision has directed the respondent-authority to grant interest on the delayed refund as per the provisions of law.



14. In view of the foregoing reasons, the petition succeeds and is accordingly allowed by directing the respondent Nos. 2 and 3 to grant the interest on the delayed refund to the petitioners during pendency of this petition in accordance with law within a period of 12 weeks from the date of receipt of copy of this order. Rule is made absolute.

(BHARGAV D. KARIA, J)

(PRANAV TRIVEDI, J)

JYOTI V. JANI

