2025 LiveLaw (SC) 361

IN THE SUPREME COURT OF INDIA
SANJIV KHANNA; CJI., SANJAY KUMAR; J.
SPECIAL LEAVE PETITION (CIVIL) Diary No. 6332/2025; 21-03-2025

CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
versus
M/S ABERDARE TECHNOLOGIES PRIVATE LIMITED & ORS.

Central Goods and Services Tax Act, 2017; Section 39 (9) - Denial of Input Tax Credit (ITC) due to clerical or arithmetical errors - Examination of timelines for correction of bona fide mistakes in tax filings - Judicial observations on software limitations in tax compliance. Held, timelines for rectifying bona fide errors in tax filings should be realistic, as denial of ITC due to inadvertent mistakes unfairly burdens taxpayers. Denying correction rights in cases of genuine errors contradicts the fundamental right to conduct business. Software limitations cannot justify denying taxpayers the right to correct mistakes, as compliance mechanisms should facilitate, not hinder, rectifications. Special Leave Petition dismissed declining to interfere with the High Court's judgment, as there was no loss of revenue. *Bar Code India Ltd. v. Union of India, (2024) SCC OnLine P&H 13853; Yokohama India Pvt. Ltd. v. State of Telangana, (2023) 108 GSTR 115* [Held not good law]

[Arising out of impugned final judgment and order dated 29-07-2024 in WP No. 7912/2024 passed by the High Court of Judicature at Bombay]

For Petitioner(s) Mr. Raghavendra P Shankar, A.S.G. Mr. Gurmeet Singh Makker, AOR Mr. Karan Lahiri, Adv. Mr. Prakash Gautam, Adv. Mr. Anilendra Kant Srivastava, Adv.

O R D E R

Delay condoned.

We are not inclined to interfere with the impugned judgment which is, in fact, just and fair, as there is no loss of revenue. Hence, the present special leave petition is dismissed.

The petitioner, Central Board of Indirect Taxes and Customs, must re-examine the provisions/timelines fixed for correcting the *bonafide* errors. Time lines should be realist as lapse/defect invariably is realized when input tax credit is denied to the purchaser when benefit of tax paid is denied. Purchaser is not at fault, having paid the tax amount. He suffers because he is denied benefit of tax paid by him. Consequently, he has to make double payment. Human errors and mistakes are normal, and errors are also made by the Revenue. Right to correct mistakes in the nature of clerical or arithmetical error is a right that flows from right to do business and should not be denied unless there is a good justification and reason to deny benefit of correction. Software limitation itself cannot be a good justification, as software are meant ease compliance and can be configured. Therefore, we exercise our discretion and dismiss the special leave petition.

Decisions of the High Courts in *Bar Code India Limited v. Union of India and others*[1] and *Yokohama India Private Limited v. State of Telangana*[2]*", prima facie,* do not lay down good law in this regard. Ratio therein may be examined in another case.

Pending application(s), if any, shall stand disposed of.

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[1] (2024) SCC OnLine P&H 13853
[2] (2023) 108 GSTR 115

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