



## A welcome judgement

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**THE** recent judgment of the Hon'ble Supreme Court in *Central Board of Indirect Taxes and Customs vs. M/s Aberdare Technologies Pvt. Ltd. and Ors.* (**[2025-TIOL-16-SC-GST](#)**) would go a long way to make GST a good and simple tax with the opportunity to correct bonafide errors. Upholding the Bombay High Court's view in *Aberdare Technologies Pvt. Ltd. and Anr. vs. CBIC and Ors.* (**[2024-TIOL-1419-HC-MUM-GST](#)**), the Apex Court also clarified that decisions in *Bar Code India Limited v. Union of India and others* - **[2024-TIOL-1982-HC-P&H-GST](#)** and *Yokohama India Private Limited v. State of Telangana* - **[2022-TIOL-1415-HC-TELANGANA-GST](#)** do not lay down good law. This ruling has far-reaching implications for taxpayers seeking rectification of clerical errors in GST returns.

### **Background: The Core Controversy**

The dispute began when Aberdare Technologies, after timely filing its GST returns, identified certain inadvertent errors in December 2023. Despite there being no loss of revenue to the State, proviso under Section 39(9) of the CGST Act prevented rectification of these errors post the deadline of 30th November following the end of the financial year. Aberdare's request for correction was denied by the authorities, prompting the company to file a writ petition under Article 226 before the Bombay High Court.

### **High Court's Reasoning: Emphasis on Substantive Justice Over Procedural Errors**

The Bombay High Court relied heavily on its own precedent in *Star Engineers (I) Pvt. Ltd. vs. Union of India & Ors.* (**[2024-TIOL-03-HC-MUM-GST](#)**), where it had ruled in favor of allowing post-deadline amendments if there was no revenue loss. It held that procedural technicalities should not obstruct justice and that denying

rectification solely due to portal limitations was arbitrary that too based on the restriction imposed in the '*proviso*' and not the main section.

The Court adopted a purposive interpretation of Sections 37, 38, and 39 of the CGST Act and concluded that bona fide human errors should be correctable, especially when no revenue loss is involved. Similar views were echoed in other High Court decisions including:

- *M/s. Sun Dye Chem vs. Assistant Commissioner (ST)* - **2020-TIOL-1858-HC-MAD-GST**
- *Shiva Jyoti Construction vs. CBEC* - **2023-TIOL-327-HC-ORISSA-GST**
- *Mahalaxmi Infra Contract Ltd. vs. GST Council and Ors.* - **2022-TIOL-1393-HC-JHARKHAND-GST**

In all cases, the Courts observed that denying rightful input tax credit due to clerical mistakes was unjustified and that corrections should be permitted.

### **Supreme Court's Verdict: Human Errors Deserve Fair Treatment**

The Supreme Court, while dismissing the special leave petition filed by the department, affirmed the Bombay High Court's decision. It also emphasized the need for CBIC to revisit rigid timelines for error correction in GST returns. The Court observed that:

- Human errors are natural, and even the Revenue makes mistakes.
- Denial of input tax credit due to such errors, especially where the purchaser has already paid tax, leads to unjust enrichment and double taxation.
- Software limitations cannot be valid grounds to deny correction, as systems should be configured to support fair compliance.

In doing so, the Supreme Court indicated that the judgments in Bar Code India and Yokohama India did not represent good law and may be re-evaluated in future cases.

### **Binding Nature of the Judgment under Article 141**

A pertinent question arises: Does the Supreme Court's dismissal of the SLP in the above judgement amount to a binding declaration of law under Article 141 of the Constitution?

The answer lies in the precedent set in *Kunhayammed vs. State of Kerala* (**2002-TIOL-50-SC-LMT-LB**). The larger bench held that if the Supreme Court dismisses an SLP with reasons, even without granting leave to appeal, the legal reasoning provided is binding across all courts and authorities. Thus, the Aberdare Technologies judgment, Revenue appeal having been dismissed with a reasoned order, becomes binding precedent throughout the territory of India.

### **Conclusion: A Step Towards Fairness and a Taxpayer-Friendly Future**

The Supreme Court's verdict in Aberdare Technologies stands as a beacon of hope for taxpayers navigating the complexities of the GST regime. By allowing rectification of genuine and bonafide errors - even beyond rigid statutory deadlines - the Court has reaffirmed that the essence of justice must triumph over procedural technicalities. This path breaking decision would ensure that the taxpayers are not penalized for honest mistakes, and authorities are empowered to adopt a balanced and reasonable approach.

As India continues its journey toward ease of doing business, this judgment is a timely reminder that the tax system must evolve hand-in-hand with ground realities-ensuring that efficiency never comes at the cost of equity. One can only hope that this order would be followed in true letter and spirit not only in these specific cases but also in all other similarly situated cases wherein there is no revenue loss to the department.

**[The writer is Co-Founder and Legal (Head) of RB LawCorp Pvt. Ltd. and the views expressed are strictly personal.]**

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