

M/s Munna Traders v. State of Bihar and Others

Case number: Civil Writ Jurisdiction Case No. 9032 of 2023

Citation: 2023(8) eILR(PAT) HC 809

Decision date: 8 August 2023

Interest and penalty after admitted excess ITC and unpaid interest

Court: Patna High Court

Bench: Hon'ble Chief Justice K. Vinod Chandran and Hon'ble Mr. Justice Partha Sarthy

Decision stage: Final dismissal addressing the interest and penalty merits as well as the belated statutory appeal.

01 Facts of case and issues

Scrutiny of the July 2017–March 2018 returns disclosed an excess ITC claim and other discrepancies. The taxpayer attributed the credit mismatch to invoices not uploaded by suppliers. The judgment records a discrepancy of Rs. 4,62,542 and a later payment of Rs. 4,71,290 on 8 December 2021, without reconciling those two figures. The Department's case was that interest remained unpaid despite notice under Section 73(1); interest and penalty of Rs. 3,51,532 were imposed.

The first appeal was rejected as time-barred. In the writ, the taxpayer alleged coercion in making the payment, relied on the CBIC circular dated 27 December 2022 and Price Waterhouse Coopers, and requested protection pending constitution of the Tribunal. The Court addressed both the time-bar and the substantive interest/penalty challenge.

Pinpoint: Official PDF physical pp. 3–6, opening paragraph and paragraphs 2–6; substantive examination begins at paragraph 10, physical p. 8.

02 Discussion by Hon'ble Court

The Court declined to accept the belated, unsupported coercion allegation. It also found the appeal filed on 31 January 2023 outside the available statutory window even after considering the Supreme Court's pandemic limitation orders, and declined the requested Tribunal-related protection in this setting.

On the merits, Price Waterhouse Coopers was distinguished as a fact-specific Income Tax penalty decision involving an acknowledged inadvertent error. Here, the Court treated the excess-credit discrepancy as admitted: differential tax had been paid but Section 50 interest had not. It upheld the resulting Section 122 penalty on these facts.

The 27 December 2022 circular did not assist this taxpayer. Its evidentiary reconciliation procedure had not been invoked before the assessing authority with the necessary proof. The Court also relied on its limitation to pending scrutiny, audit, investigation, adjudication or appeal proceedings for the specified early GST years, rather than completed proceedings. It held that the admitted and paid discrepancy could not be reopened in the circumstances.

Pinpoint: Official PDF physical pp. 6–10, paragraphs 6–13; merits and circular reasoning at paragraphs 10–13.

03 Judicial decision and operative relief

The High Court dismissed the writ petition. The challenged interest and penalty were left undisturbed; no stay, remand, reopening, refund or restoration of credit was granted. The judgment did not impose a new quantified demand or give an independent costs direction.

Pinpoint: Official PDF physical pp. 9–10, paragraphs 12–14; operative dismissal at paragraph 14, judgment p. 8.

04 In favour of

Revenue. The taxpayer's interest and penalty challenge failed.

The result rests on both the failed belated-appeal route and express merits findings concerning admitted excess ITC, unpaid interest and inapplicability of the circular on the record. It is not merely an interim order or a procedural remand.

Pinpoint: Official PDF physical pp. 7–10, paragraphs 7–14.

05 AKHB REVIEW POINT

AKHB analysis: Preserve a dated reconciliation, invoices, replies, payment records and any contemporaneous objection to alleged coercion. Check the treatment of interest when paying disputed differential tax, and protect the appeal deadline rather than relying on a future Tribunal remedy.

For relief under a mismatch circular, identify the covered financial year, whether the proceeding was still pending, and the evidence actually presented to the authority. The Court's conclusion here depended on admissions and failure to pursue the prescribed evidentiary route. It should not be treated as deciding that every return mismatch necessarily attracts penalty, that every deposit admits liability, or that the circular is invalid.

The note reports the statutory and procedural setting considered in 2023. Apply the relevant version of the law and verify subsequent judicial treatment before drawing conclusions about a later notice or appeal.

Pinpoint: AKHB commentary based on official PDF paragraphs 5–13; practical steps and limits are analysis.

Sources and limitations

Relevant provisions

Bihar GST Act: Sections 50, 61, 73(1), 107(4), 109 and 122. CBIC circular dated 27 December 2022, identified in paragraph 2 by F. No. CBIC-20001/2/2022-GST.

Statutory note

The Court reports a combined interest-and-penalty figure without a component breakdown. No new calculation or penalty rate is inferred. The circular is described as applied by this judgment; its complete current applicability is not certified here.

Treatment note

Bounded official-domain title, docket and date searches on 12 October 2026 did not establish a direct later appeal or review disposition. This is not proof that none exists and is not a comprehensive citator clearance.

Scope of source review

All 10 physical pages read and visually checked: editorial pp. 1–2 and judicial pp. 3–10, covering the opening paragraph and numbered paragraphs 2–14.

Source notes

The reporter citation is printed in the original and is not a neutral citation. The decision date is 8 August 2023, distinct from the 11 August upload date. The two credit/payment figures are preserved as separately printed. Reporter headnotes are not substituted for the judgment.

Primary source

Source description: Official Patna High Court eILR PDF with two editorial pages followed by the complete eight-page judgment.

Official source: [Open source document](#)

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