

Bansal International v. Commissioner of DGST and Another

Case number: W.P.(C) 11629/2023

Citation: 2023:DHC:8344-DB

Decision date: 21 November 2023

Delayed refund interest: first complete application and the separate enhanced-rate period

Court: Delhi High Court at New Delhi

Bench: Hon'ble Mr. Justice Vibhu Bakhru and Hon'ble Mr. Justice Amit Mahajan

Decision stage: Final High Court determination of the statutory interest issue; interest-rejection order set aside and computation directed in accordance with the judgment.

01 Facts of case and issues

Arun Bansal exported goods through his proprietorship, Bansal International. On 6 February 2020 he claimed Rs. 53,92,516 of unutilised ITC, comprising Central GST, Delhi GST and cess, for exports without tax payment in November 2019. The application was acknowledged on 30 July 2020. The officer sanctioned Rs. 1,08,293 but rejected Rs. 52,84,223 on 10 November 2020, doubting supplies in the upstream chain.

The Appellate Authority verified railway supplies and allowed the rejected refund, but denied interest. Bansal filed a consequential application on 23 November 2022; the remaining principal was sanctioned on 28 December and credited on 3 January 2023. His 16 May 2023 claim for Rs. 13,12,761 interest at 9% was rejected on 11 July 2023 because payment followed the consequential application within sixty days. The writ was confined to interest for this refund, rather than the other pleaded jurisdictional challenges.

Pinpoint: Paragraphs 1–5, physical pp. 1–5; first application and acknowledgement: paragraphs 4.1–4.2, p. 3; actual bank credit and claimed interest: paragraph 4.7, p. 5.

02 Discussion by Hon'ble Court

The Court read Sections 54 and 56 with Rules 89 and 90. Its entitlement analysis concerns the first refund application complete in the required respects, including supporting documents. It rejected the proposition that an erroneous initial refusal could erase the interest period when the taxpayer later prevailed. Appellate proceedings continue the original proceedings; the Explanation to Section 56 deems an appellate refund order to be an order under Section 54(5).

Treating the consequential filing as a wholly fresh Section 54(1) application would also produce an unacceptable limitation result: time spent pursuing appellate remedies could defeat an originally timely claim. Paragraph 34 explains that the later application implements the appellate result and restarts administrative processing, rather than inviting repeated adjudication of the same entitlement.

The main provision and proviso were read harmoniously. The Court identified 6% interest after sixty days from the first complete application. Where the statutory finality conditions are met, 9% applies only after another sixty days from receipt of the consequential application. The higher rate does not extinguish the earlier 6% period and is not an additional cumulative 9%.

02 Discussion by Hon'ble Court

The reasoning draws on statutory-interest principles, merger and construction of provisos, including Tata Chemicals, Willowood Chemicals, Dwarka Prasad and VKC Footsteps. It also found support in SBI Cards. These references do not create an unrestricted equitable rate contrary to Section 56.

Pinpoint: Paragraphs 6–17, physical pp. 5–15; first-application reasoning: paragraphs 19–26, pp. 16–19; proviso and rates: paragraphs 27–33, pp. 20–25; implementation and SBI Cards: paragraphs 34–35, pp. 25–27.

03 Judicial decision and operative relief

The petition was allowed and the impugned interest-rejection order was set aside. The adjudicating authority was directed to process the application dated 16 May 2023 in accordance with the decision. The Court determined the governing interest principles, but did not award the claimed Rs. 13,12,761 outright, prescribe a payment deadline or direct 9% for the entire historical period. The principal refund had already been paid.

Pinpoint: Paragraph 36, physical p. 27, read with paragraphs 1, 4.7 and 32–34, pp. 1, 5 and 23–26.

04 In favour of

The taxpayer on entitlement to statutory interest from the original complete-application stage; the quantum remained to be computed under the Court's directions.

This is a substantive determination of the interest dispute followed by implementation, rather than a remand leaving the legal issue open. Payment within sixty days of the post-appeal application did not, by itself, eliminate earlier interest. The distinction between the 6% and 9% periods remains essential: the actual refund here was credited within sixty days of the consequential filing.

Pinpoint: Paragraphs 4.6–4.7, physical pp. 4–5; paragraphs 26 and 32–36, pp. 19 and 23–27.

05 AKHB REVIEW POINT

AKHB analysis: Build a dated record of the first application, required attachments, acknowledgement, deficiency communications, appellate finality, consequential application and actual bank credit. Separate principal tax heads and calculate each potentially applicable rate period without overlap. Do not substitute the refund-sanction date for evidence of payment.

Keep the completeness qualification visible. Although paragraph 12 describes acknowledgement, its quoted Rule 90 text refers to the filing date, and paragraphs 17 and 26 focus on the first properly supported application. The judgment does not state a separately quantified starting date in its operative order. It should not be presented as authorising delay merely by withholding an acknowledgement.

For another period, verify the applicable Central and Delhi enactments and rules, including the identified October 2023 changes. This case does not decide their operation, nor does it supply an automatic 9% award whenever a refund succeeds on appeal.

Pinpoint: AKHB commentary based on paragraphs 12–17, 26 and 32–36; the separately identified Central statutory changes. Recordkeeping and application limits are analysis, not additional relief.

Sources and limitations

Relevant provisions

DGST Act Section 56; corresponding CGST Sections 54(1), 54(4), 54(5), 54(7)–(8), 56 and its proviso/Explanation, 107, 112 and 117. CGST Rules 89 and 90. Later Central framework identified: Finance Act 2023 Section 147 and CGST Rule 94(2).

Statutory note

The narrated principal payment ended on 3 January 2023; the judgment quotes the earlier Section 56 wording. Finance Act 2023 Section 147 amended the main clause, effective 1 October 2023 under Notification 28/2023-Central Tax. Rule 94(2), inserted by Notification 38/2023-Central Tax with the same effective date, excludes specified applicant-response delay beyond fifteen days and time for correcting or validating bank details where credit fails. Those later-period Central provisions were not adjudicated here; corresponding Delhi versions and case-specific applicability need separate checking. Notification 13/2017-Central Tax fixes the Section 56 rates at 6% and 9% respectively.

Treatment note

Checked 12 October 2026. The official Delhi High Court judgment in Matrix Cellular (International) Services Pvt Ltd., W.P.(C) 5088/2024, dated 20 May 2025, quotes Bansal's rate analysis and applies it with a fact-specific exclusion for a withdrawn claim. That is later coordinate-bench treatment, not an appellate affirmation of this case. No order staying or reversing this exact 21 November 2023 decision was established in the bounded official-source search. This is not a complete docket or citator check and does not certify an absence of appeal; verify current orders before reliance.

Scope of source review

All 27 physical pages read fully and individually visually inspected, including statutory extracts, quoted authorities, the SBI Cards computation and signed operative ending. The nine-page Matrix Cellular judgment was separately read and visually inspected; only the identified relevant portions of supplementary legislation were checked.

Source notes

The neutral citation appears visually beside the QR code. Decision date is 21 November 2023, distinct from the signing date of 22 November. Paragraph 4.2 prints Section 62(2)(c) while recounting the refund rejection; this apparent source anomaly is not silently replaced with another provision or treated as the ratio. The large computation quoted on pp. 26–27 belongs to SBI Cards, not Bansal. Original bytes are unchanged; visible digital-signature artwork does not establish cryptographic validation.

Primary source

Source description: Complete issuing-court Delhi High Court judgment, preserved byte-for-byte.

Official source: [Open source document](#)

Source pages: 27

Outcome type: final high court merits

Additional source

Notification 13/2017-Central Tax, 28 June 2017

Official source: [Open source document](#)

Pinpoint: Physical p. 1, table entries 4–5: Section 56 at 6% and its proviso at 9%; commencement 1 July 2017.

Finance Act 2023, official GST Council extract: amendment of CGST Section 56

Official source: [Open source document](#)

Pinpoint: Section 147, physical p. 4 (printed Gazette p. 58): prescribed manner, conditions and restrictions for computing delay. Commencement framework: Section 1(2)(b), physical p. 1. This is an official extract, not the complete Finance Act.

Notification 28/2023-Central Tax, 31 July 2023

Official source: [Open source document](#)

Pinpoint: Physical p. 1, clause (a): commencement 1 October 2023 for Section 147 within Sections 137–162, except Sections 149–154.

Notification 38/2023-Central Tax, 4 August 2023

Official source: [Open source document](#)

Pinpoint: Physical p. 5, amending rule 14: CGST Rule 94(2), effective 1 October 2023; specified response and bank-detail periods excluded.

Delhi High Court: Matrix Cellular (International) Services Pvt Ltd., 20 May 2025

Official source: [Open source document](#)

Pinpoint: W.P.(C) 5088/2024, 2025:DHC:4326-DB. Paragraph 13, physical pp. 6–8, quotes Bansal; paragraphs 16–18, p. 9, give case-specific relief. Not an appeal from Bansal.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official judgment and identified primary sources. No human legal review is claimed.

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