

Union of India & Anr. v. Torrent Power Ltd.

Case number: Civil appeal arising out of SLP(C) No. 13084/2025; the civil appeal number is blank in the signed order.

Citation: No neutral or reported citation is printed in the official source PDF.

Decision date: 10 February 2026

GST refund and passed-on tax incidence under section 54 with credit to the Consumer Welfare Fund

Court: Supreme Court of India

Bench: Hon'ble Mr. Justice Sanjay Kumar and Hon'ble Mr. Justice K. Vinod Chandran

Decision stage: Final reasoned signed order allowing a civil appeal after grant of leave.

01 Facts of case and issues

The Union of India and its Assistant Commissioner of CGST challenged the Gujarat High Court's judgment dated 23 October 2024 in SCA No. 1659/2024 concerning a refund of Rs. 19,28,86,868. Torrent Power, a power generator and distributor in Gujarat, had passed the disputed IGST incidence to its consumers.

The Supreme Court treated the disputed amounts paid pursuant to Notification No. 10/2017-Integrated Tax (Rate), dated 28 June 2017, as refundable following the Mohit Minerals litigation. The dispute here concerned disbursement. The High Court had accepted Torrent's proposal to place the refund in a designated bank account and offer it as revenue in the electricity tariff process, with the aim of compensating consumers through lower charges.

Pinpoint: Official PDF pp. 1–3, factual background and proposed mechanism; p. 5, High Court case metadata.

02 Discussion by Hon'ble Court

The Hon'ble Court explained that section 54(5) directs refundable amounts to the Consumer Welfare Fund, subject to the exceptions in section 54(8). Under section 54(8)(e), payment to the applicant depends on the applicant not having passed the tax and interest incidence to another person. Torrent admittedly passed the tax incidence to consumers, so that exception did not apply.

The Court also found the proposed tariff-adjustment exercise unworkable: it involved more than a crore consumers in Ahmedabad and Surat, and the authorities could not practicably verify whether those who actually bore the historic levy would receive the benefit. More fundamentally, the proposal introduced a refund-disbursal method outside section 54 and its rules.

Pinpoint: Official PDF p. 2, section 54 analysis; p. 3, admitted passing-on and verification difficulty; pp. 3–4, statutory objection to the proposed method.

03 Judicial decision and operative relief

The Court allowed the appeal and set aside the impugned High Court judgment. It directed Torrent Power to transfer Rs. 19,28,86,868 to the concerned authorities for credit to the Consumer Welfare Fund under section 57 of the CGST Act, within three months from 10 February 2026. Pending applications were disposed of.

Pinpoint: Official PDF p. 4, operative directions and signed date; p. 5, recorded allowance of the appeal.

04 In favour of

Revenue, on the statutory destination and method of disbursing the refund.

Torrent's proposed tariff-adjustment route was rejected and the amount was directed to the Consumer Welfare Fund. The decision did not revive the invalidated levy or treat the refundable amount as ordinary tax revenue to be retained outside that Fund.

Pinpoint: Official PDF pp. 2–4, refund premise, statutory mechanism and operative transfer direction.

05 AKHB REVIEW POINT

AKHB analysis: Separate whether an amount is refundable from whether the applicant is entitled to receive it. Identify the relevant section 54(8) exception and assemble evidence of who ultimately bore the incidence. In this case, admitted passing-on defeated section 54(8)(e).

A proposal to benefit consumers through future prices or tariffs should not be assumed to replace the statutory refund mechanism. Check the proposed recipient, statutory route and evidence linking any benefit to the persons who bore the tax. The judgment addresses the mechanism before it; it does not independently decide every section 54(8) exception or every refund scenario.

This is a separate refund-disbursal ruling from Mohit Minerals. The three-month transfer direction is historical; completion of that transfer and later treatment have not been verified for this note.

Pinpoint: Analysis based on official PDF pp. 2–4; practical checks are AKHB commentary.

Sources and limitations

Relevant provisions

Central Goods and Services Tax Act, 2017: sections 54(5), 54(8), 54(8)(e) and 57. Notification No. 10/2017–Integrated Tax (Rate), dated 28 June 2017, forms the background.

Statutory note

The case concerns passed-on tax incidence and the statutory refund destination. The full scope of the antecedent Mohit Minerals rulings and of other notification entries is not independently analysed here.

Treatment note

This note records the decision as delivered. Subsequent judicial treatment, legislative changes and compliance with the operative directions have not been independently certified.

Scope of source review

All 5 PDF pages reviewed: signed order on pp. 1–4 and matching record of proceedings on p. 5. Paragraphs are unnumbered; references use PDF page numbers.

Source notes

The source describes the historic collection period as June 2017 to January 2020. That description has not been independently reconciled with tax-period records. The full CGST Act title is used in this note although the source omits the word Tax in one reference.

Primary source

Source description: Official Supreme Court PDF containing the complete decision and case metadata.

Official source: [Open source document](#)

Source pages: 5

Outcome type: final substantive order

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official Supreme Court source identified in this note. No human legal review is claimed.

General disclaimer: For professional information only; not legal advice. Read the complete decision and applicable law, verify subsequent treatment and obtain case-specific professional advice before acting.

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