

Commissioner of Income Tax, Gujarat v. Gujarat Fluoro Chemicals

SLP(C)No. 11406 of 2008 and connected proceedings (full list below)

[2013] 10 SCR 191 | 2013-09-18

Whether Sandvik established a general entitlement to interest on statutory interest, and the scope of statutory refund interest.

244A | 214

Three-judge bench | H.L. Dattu, J. | Sudhansu Jyoti Mukhopadhaya, J. | M.Y. Eqbal, J.

Assessment years: See the source-scope notes; no year inferred.

Reference clarified; individual claims not finally disposed

Only statutory interest may be claimed; Sandvik is not a universal compounding authority. This order returned all matters to a two-judge bench for individual decisions. Do not treat it as a final group refund award or dismissal, or use the quoted 9%/15% Sandvik rates as present statutory rates. Later comprehensive treatment remains unverified.

01 FACTS OF THE CASE

A two-judge bench, by order dated 28 August 2012, doubted the interpretation of Sandvik Asia and referred the interest question for authoritative consideration. The larger bench reviewed that decision and the reference. This order did not narrate and decide each listed taxpayer's individual refund computation (paragraphs 1–3).

Source: [reported judgment / paragraphs 1–3 / PDF pages 2, 3 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court explained Sandvik in its exceptional factual setting: Revenue had delayed payment of admittedly due amounts, including statutory interest, for periods ranging from 12 to 17 years. The award was characterised as compensation for that inordinate delay. It was not a general ruling that every delay in paying statutory interest necessarily generates further interest on that interest (paragraphs 4–7).

The Court then identified section 244A, introduced with effect from 1 April 1989, as the statutory scheme for refund interest under different contingencies. It clarified that an assessee may claim the interest provided by the statute, and not other interest on that statutory interest. The reference answer therefore required identifying the statutory entitlement; it did not itself compute or reject every individual claim in the group (paragraphs 8–9).

Source: [reported judgment / paragraphs 4–8 / PDF pages 3, 4, 5 / judicial text](#)

03 JUDICIAL DECISION

With that clarification, all matters were sent back to a two-judge bench to consider each case independently and decide it appropriately. No uniform allowance or dismissal of the underlying appeals, refund award, compound-interest rate or final case-wise liability was ordered (paragraph 9).

Source: [reported judgment / paragraphs 9 / PDF pages 5 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Reference clarification limits claims to statutory interest; no uniform individual merits winner

Reference answered by clarification; all matters returned to a two-judge bench for independent case-wise decision

Authoritative legal clarification; individual refund entitlements left for subsequent determination

Not a final dismissal of every taxpayer's refund-interest claim, nor an independent standard-rate compensation award. Sandvik is explained in context rather than treated as a universal compounding rule.

Source: [reported judgment / paragraphs 8-9 / PDF pages 4, 5 / judicial text](#)

05 AKHB REVIEW POINT

State the legal basis of the interest sought and separate a refund that includes an interest component from a demand for additional extra-statutory interest. The order addresses the latter broad reading of Sandvik, while requiring each case to be considered under the governing statute. Do not replace the express return to the two-judge bench with an assumed final group outcome.

The reported list includes the appeals later disposed of in K.Lakshmanya and Company, whose separate 2017 judgment recognises section 244A interest on the refund created by a lawful interest waiver. Both texts have been read for a bounded comparison; Lakshmanya does not expressly discuss this order. The record supports distinguishing a specific statutory refund entitlement from automatic compounding, without asserting a comprehensive subsequent-treatment conclusion.

Source: [reported judgment / paragraphs 6-9; editorial application / PDF pages 4, 5 / judicial text; reported judgment / paragraphs Lakshmanya schedule and 11,20-21 / PDF pages 3, 8, 11 / judicial text](#)

APPEAL AND PROCEEDING NUMBERS

SLP(C)No. 11406 of 2008 / SLP(C)Nos. 14048-14051,14768,20154,21851,25727,27453-27463 and 27677 of 2012 / SLP(C)No. 5730 of 2013 / Civil Appeal Nos. 6301 and 7217 of 2011 / Civil Appeal Nos. 2534-2537,2539-2543,2944-2945,3436-3437,3445-3446,3825-3826,4335-4366,4630,5408,7596 and 7772 of 2012 / Civil Appeal Nos. 2589 and 5478 of 2013

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 5 PDF pages; SHA-256

775a7265d6c0a59b75e5999d7dd8e817981ae4a2da85450bf87293d962d985d8. Original bytes preserved.

Three-judge reference order paragraphs 1–9 on physical pages 2–5 (SCR 192–195), beginning after the full reported proceeding schedule; earlier synopsis editorial. No adjacent judgment.

Open cited source rendition

The order quotes Sandvik's assessment years only to explain that precedent. No common current-reference assessment-year set is identified.

Complete reported groups transcribed with only contiguous ranges compressed; the 2538 gap is not filled. All matters returned to a two-judge bench, not individually disposed of on tax merits.

The reported introductory question is broad, but paragraphs 6–9 contain the actual clarification and procedural direction. Editorial question wording is not substituted for the holding.; Sandvik's quoted AYs, amounts and 9%/15% compensation directions are facts of that precedent, not newly awarded rates or amounts in this reference.; The Court describes Sandvik as misunderstood; no bare label of wholesale overruling or final denial of every statutory interest claim is substituted for the reasons.; The 2017 Lakshmanya procedural overlap is established by the case schedules. No express 2017 treatment of Gujarat Fluoro is invented.

STATUTORY SCOPE

Historical statutory/factual setting; current rates, procedure and Income-tax Act, 2025 mapping are not certified.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent-treatment or current-law audit. Specifically read related sources are identified separately.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 5

SHA-256: 775a7265d6c0a59b75e5999d7dd8e817981ae4a2da85450bf87293d962d985d8

reported judgment - PDF pages: 11

SHA-256: 4fd5d1e87fad2587216c87f22498a29437787a625861af29341b49bd39c05f3d

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