

ITC blocked under Rule 86A shall cease to have effect after expiry of a period of one year: HC

The DGGI blocked an amount of Rs. 9,07,70,396/- from the available ITC in petitioner's Electronic Credit Ledger and additionally created negative balance of Rs. 97,46,27,058/-. Effectively, a sum of Rs. 1,06,53,97,454/- has been blocked.

Since Rule 86A empowers the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in electronic credit ledger has been fraudulently availed or is ineligible in as much as, for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under Section 49 or for claim of any refund of any unutilised amount. Sub-rule (3) of Rule 86A provides that such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.

The restriction was imposed on 23rd November 2022 and one year period expired on or about 23rd November 2023. Therefore, by operation of law itself, the restriction imposed has lapsed. Ordered accordingly.