

GST

Supreme Court Sets a Landmark Precedent on Input Tax Credit (ITC)

In the case of **Commissioner Trade and Tax Delhi v. Shanti Kiran India (P.) Ltd.** [CIVIL APPEAL NO(S). 2042-2047 OF 2015, C.A. NO. 9902 OF 2017, dated 9th October 2025], The Hon'ble **Supreme Court** held that buyers should not lose their tax credit just because the seller's registration was cancelled later or the seller did not pay the tax to the government. In this case, the buyers had paid the tax to sellers through proper bills, and the sellers were officially registered at the time of purchase. The Court said that if the buyers acted honestly and paid the tax, they should get the benefit, even if the seller failed to deposit the tax later. The responsibility to recover unpaid tax lies with the government from the seller, not from the buyer. Therefore, the buyers were allowed to claim their tax credit after verification. ***This ruling ensures that genuine buyers are not penalized for the seller's mistakes.***





Contact Details

3rd Floor, MJ Tower,
55, Rajpur Road,
Dehradun - 248001

T: +91.135.2743283, +91.135.2747084

E: info@vkalra.com

W: www.vkalra.com

Follow us on



Subscribe to VKC Insights by [visiting here](#).

© 2025 Verendra Kalra & Co. All rights reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not a substitute for detailed research or the exercise of professional judgment. Neither VKC nor any member can accept any responsibility for loss occasioned to any person acting or refraining from actions as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.