

**GOODS
AND
SERVICES
TAX**

**GST
UPDATES**

**TRANSFER OF UNUTILIZED ITC ON MERGER ACROSS STATES:
BOMBAY HIGH COURT ORDER**

In the case of Union of India & Ors. v. Umicore Autocat India Private Limited [writ petition no. 463 of 2024 dated 10.07.2025], the Bombay High Court (Goa Bench) has upheld that Input Tax Credit (ITC) can be transferred across states during amalgamation, where no such restrictions are imposed under Section 18(3) of the CGST Act, 2017 or Rule 41 of the CGST Rules, 2017.

Facts of the Case:

- Umicore Autocat India Pvt. Ltd. (the Transferee Company), located in Shirwal, Maharashtra, and engaged in manufacturing automotive catalysts, amalgamated with Umicore Anandeya India Private Limited (the Transferor Company), a zinc oxide manufacturer with a plant in Sancole Industrial Estate, Goa.
- The amalgamation scheme was approved by the National Company Law Tribunal (NCLT) on May 26, 2020. The Transferor Company had ceased operations for three years prior to the amalgamation.
- At the time of amalgamation, Umicore Anandeya India Private Limited (Transferor Company) had the following credits in its electronic credit ledger:
IGST: Rs. 3,69,586
CGST: Rs. 3,52,84,105
SGST: Rs. 1,39,285
- The Transferor Company attempted to file Form GST ITC-02 to transfer the entire ITC to Umicore Autocat India Private Limited (the Petitioner) but the transaction was rejected with the error message: "Transferee and Transferor should be of the same State/UT."
- A subsequent query to the GSTN portal confirmed the error was due to "business logic," and the State Tax Officer indicated they lacked the system functionality to resolve the issue. This led Umicore Autocat India Private Limited to file a Writ Petition.

Issue:

Whether unutilized Input Tax Credit (ITC) be legally transferred between entities located in different states following a merger or amalgamation under Section 18(3) of the CGST Act, 2017, and Rule 41 of the CGST Rules, 2017, despite the GSTN system's current restriction requiring transferor and transferee to be in the same state?

Bombay High Court Decision:

- No statutory bar exists in Section 18(3) or Rule 41 restricting ITC transfer across states. The provision allows transfer of ITC where a merger or amalgamation results in change in constitution of a registered person.
- The Court emphasized that technical limitations cannot curtail substantive statutory rights.
- The Loss of SGST to the State of Goa was acknowledged. However, the petitioner voluntarily waived its claim for SGST Rs. 1,39,285, pursuing only CGST and IGST amounts.
- The High Court directed the Respondent to allow the transfer of CGST Rs. 3,52,84,105 and IGST Rs. 3,69,586 from the electronic credit ledger of the Transferor to the petitioner.
- In the peculiar circumstances, It is permitted a physical/ manual transfer of the said credits for the time being and directed the GST Council and GSTIN to resolve the portal limitations.


DISCLAIMER:


The information contained herein is in summary form and is prepared based on the provisions of GST and allied laws and related Rules, Circulars, Notifications, Judgments/Orders, Press Releases, Trade Notices etc. therein. For details, please refer the relevant provisions. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of this information. Reader should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.

CONTACT US

NOIDA OFFICE

DPNC GLOBAL LLP

 Windsor Grand, 15th Floor,
Plot No. 1C, Sector-126,
Noida-201303, Uttar Pradesh

 +91.120.6456990

 dpnc@dpncglobal.com

 <https://dpncglobal.com/>

GURGAON OFFICE

DPNC GLOBAL LLP

120, Vipul Business Park,
Sector-48, Sohna Road,
Gurugram, Haryana-122018

FOLLOW US ON

