BEFORE THE CHAIRMAN, ODISHA SALES TAX TRIBUNAL: KATAKA

S.A.No.10(C) of 2022

(Arising out of order of the learned Addl. Commissioner of Sales Tax (Appeal), Rourkela, in Appeal No. AA 03 (CST) RL-II / 2020-21, disposed of on 30.11.2021)

Present: **Shri G. Sharma, Chairman**

M/s. Times Steel & Power Pvt. Ltd.,
Industrial Estate, Kalunga,
Rourkela, Dist. Sundaragada … Appellant

-Versus-

State of Odisha, represented by the
Commissioner of Sales Tax, Odisha,
Kataka ... Respondent

For the Appellant : Mr. B.P. Mohanty, Advocate
For the Respondent : Mr. S.K. Pradhan, Addl. S.C. (CT)

Date of hearing: 21.09.2026 *** Date of order: 13.10.2026

ORDER

Challenging the legality and propriety of order dated 30.11.2021 passed by the Addl. Commissioner of Sales Tax (Appeal), Rourkela (hereinafter referred to as 'First Appellate Authority') in Appeal No. AA 03 (CST) RL-II / 2020-21, this appeal has been filed by M/s. Times Steel & Power Pvt. Ltd. (hereinafter referred to as 'Dealer').

2. The brief facts relevant for disposal of this appeal run thus–

The Dealer, in the instant case, is engaged in manufacturing of iron ingots, sponge iron and waste and scrap of tinned iron or steel by utilizing raw materials like iron ores, dolomite and coal etc. besides

trading of iron and steel goods. Provisional assessment was initiated by the Joint Commissioner of Sales Tax, CT & GST Circle, Rourkela-II, Panposh (in short, 'Assessing Authority') against the Dealer U/r.12(1) of the Central Sales Tax (Orissa) Rules, 1957 (hereinafter referred to as 'CST(O) Rules') for the assessment period 01.04.2014 to 30.09.2015. On scrutiny of the returns, the Assessing Authority found that the Dealer has claimed total inter-State sale of goods valued ₹123,95,84,098/- for concessional CST sale against declaration in Form 'C' and exemption claimed on export sales against declaration in Form 'H' for an amount of ₹1,84,58,780/-, but failed to furnish the wanting declarations in Form 'C' for ₹5,64,68,129/- and Form 'H' for ₹6,39,562/- respectively. Thus the Assessing Authority taxed the said turnover at appropriate rate, accordingly, raised a tax demand of ₹26,06,293/- including interest for the period under assessment. Being aggrieved with the order of assessment, the Dealer preferred first appeal before the learned First Appellate Authority. The First Appellate Authority considering certain declarations in Form 'C' and 'H' at this level, recomputed the tax liability and reduced the tax demand to ₹2,83,995/- including interest, hence this appeal.

3. In course of hearing, the learned Counsel for the Dealer submitted that the Dealer in spite of best effort unable to collect and produce the wanting statutory declarations in Form 'C' and 'H' as the same is beyond the control of the Dealer. He further argued that imposition of interest by the authorities below is illegal and unlawful. Supporting his argument, learned Counsel for the Dealer placed reliance on the decisions of the Hon'ble Apex Court in ***J.K. Synthetics Ltd. v. Commercial Taxes Officer,*** **(1994) 4 SCC 276,** ***India Carbon Ltd. v. State of Assam*** **(1997) 6 SCC 479;** and ***Khemka & Co. (Agencies) Pvt. Ltd. v. State of Maharashtra*** **(1975) 2 SCC 22** and argued that the

impugned order passed by the First Appellate Authority on this score needs to be set-aside in the interest of justice.

4. Per contra, learned Addl. Standing Counsel (CT) appearing for the State submitted that since the Dealer failed to submit the required declaration forms despite sufficient opportunities, the fora below have rightly assessed the Dealer by imposing tax and interest as per statutory provision. Relying on the decisions of Hon'ble Apex Court in ***Royal Boot House v. State of J&K and others,*** **(1984) 56 STC 212 (SC)** and ***Indodan Industries Ltd. v. State of UP & Others,*** **[2010] 27 VST 1 (SC),** learned Addl. Standing Counsel (CT) for the State pleaded that the appeal has no merit and liable to be dismissed.

5. Admittedly, in the present case, as the Dealer could not able to furnish some statutory declarations in Form 'C' against concessional CST sale and Form 'H' for export sale before the First Appellate Authority, for which the First Appellate Authority computed the tax liability and reduced the tax demand to ₹2,83,995/- along with interest. Before this forum also, the Dealer is unable to submit the wanting forms, hence the impugned order on that count needs no interference.

As regards to the issue raised by the Dealer on levy of interest for the differential amount of tax accrued due to non-submission of declaration forms, the statutory provision under Rule 8 of the CST (O) Rules provides for levy of interest if a registered dealer fails without sufficient cause to pay the amount of tax as due as per the return furnished by it.

In the case of ***Royal Boot House v. State of J&K and others***, **(1984) 56 STC 212 (SC)** the Hon'ble Apex Court held that –

> " ... In the present case it is the admitted position that tax due on the basis of quarterly return was not paid as required by sub-section (3) and the petitioner was, therefore, not (sic) liable to pay interest on the amount of tax in respect of which default was committed at the rate prescribed in sub-section (2) from the last

> date prescribed for filing quarterly return under the Act up to the date of payment. The High Court was, therefore, right on the facts of the present case in holding that the petitioner was liable to pay interest on the amount of tax in respect of which default was committed..."

Also in the case of ***Indodan Industries Ltd. v. State of UP & Others,*** **[2010] 27 VST 1 (SC)**, the Hon'ble Apex Court have ruled that interest is compensatory in nature in the sense that when the assessee pays tax after it becomes due, the presumption is that the Department has lost the revenue during the interregnum period and that the assessee enjoys that amount during the said period and in order to recover the lost revenue, the levy of interest is contemplated.

Keeping in view the settled position of law, this forum is of the humble opinion that the First Appellate Authority has rightly discharged his statutory duty in levying interest for the differential amount of tax accrued due to non-submission of declaration forms by the Dealer for the period under assessment. Therefore, the submission of the Dealer on this score merits no consideration,

6. In the result, the appeal filed by the Dealer stands dismissed and the order of the First Appellate Authority reducing the assessment order is hereby confirmed.

Dictated & Corrected by me

Sd/-
(G. Sharma)
Chairman

Sd/-
(G. Sharma)
Chairman