



**HIGH COURT OF JUDICATURE FOR RAJASTHAN
AT JODHPUR**

D.B. Civil Writ Petition No. 5806/2025
CNR: RJHC010242852025
URN: CW / 9402U / 2025

M/s Kwaliti Conduit Pvt. Ltd., B-21,22, Industrial Estate,
Jodhpur Through Its Director Mahendra Kumar Agarwal, Age- 64.

-----Petitioner

Versus

1. Commercial Taxes Officer, Circle-B, Zone 2Nd, Jodhpur.
2. Commissioner, Commercial Taxes, Jaipur.

-----Respondents

For Petitioner(s) : Mr. Rishi Soni
For Respondent(s) : Mr. Mahaveer Bishnoi, AAG with
Mr. Harshvardhan Singh

HON'BLE DR. JUSTICE PUSHPENDRA SINGH BHATI
HON'BLE MR. JUSTICE PRAVEER BHATNAGAR
Order

17/07/2026

1. The instant writ petition has been preferred seeking the following reliefs:-

- "a) Issue an appropriate writ, order, or direction, directing the respondent department to immediately release the statutory interest amounting to Rs. 1415500/-on the refunded amount of Rs. 5,96,035/-, in accordance with Section 56 of the Rajasthan Sales Tax Act, 1994, along with additional interest for the period of delay beyond the statutory refund period;
- b) Further, declare that the failure of the respondent department to grant statutory interest on the refunded amount is illegal, arbitrary, and contrary to established legal principles, as laid down by the Hon'ble Supreme Court in Sandvik Asia Ltd. v. CIT (2006) 2 SCC 508 and CIT v. Gujarat Fluoro Chemicals (2014) 1 SCC 126;
- c) Further direct the respondent department to compensate the petitioner for the unjustified delay in processing the



interest component, in line with the principles of fairness, good governance, and constitutional mandate under Article 300A of the Constitution of India;"

2. Learned counsel for the petitioner submits that petitioner is a company registered under the Companies Act, 1956. During the pendency of litigation between the parties, S.B. Civil (Sales Tax) Revision No.23/2026 preferred by the respondent-Department came to be withdrawn vide order dated 22.11.2022 in terms of the Circular dated 14.10.2022 issued by the State Government, Commercial Taxes Department. Pursuant to the aforesaid withdrawal, a refund of tax amounting to Rs.5,96,035/- was made to the petitioner on 11.08.2023. However, no interest was paid on the refunded amount.

2.1. Learned counsel makes a limited submission that Section 56 of the Rajasthan Sales Tax Act, 1994 mandates payment of interest of all the refundable amount at the rate of 15% per annum with effect from the date of its deposit. It is further submitted that the statutory mandate is required to be strictly complied with.

3. Per contra, learned counsel for the respondents opposes the aforesaid submissions and submits that a conscious policy decision was taken by the State Government to give quietus to disputes involving a tax effect of less than Rs.5 lakh before the Rajasthan Tax Board and less than Rs.15 lakh before the Rajasthan High Court. It is submitted that, in furtherance of the Rajasthan State Litigation Policy, 2018, periodic scrutiny of pending matters was undertaken to withdraw infructuous cases falling within the prescribed monetary limits. Since the present case fell within the



said limits, the revision petition preferred by the Department came to be withdrawn.

4. Heard learned counsel for the parties and perused the material available on record.

5. This Court observes that it is not in dispute that the litigation between the parties came to an end pursuant to the Circular dated 14.10.2022 issued by the Commercial Taxes Department in furtherance of the Rajasthan State Litigation Policy, 2018, whereby the monetary limit of Rs.5 lakh for matters pending before the Rajasthan Tax Board and Rs.15 lakh for revisions before the Rajasthan High Court was prescribed, resulting in withdrawal of pending matters falling within the said monetary limits.

6. Consequent upon the withdrawal of S.B. Civil (Sales Tax) Revision No.23/2026 in terms of the aforesaid Circular, the petitioner was granted a refund of Rs.5,96,035/-. However, the refund was released without payment of statutory interest.

7. The Section 56 of the Rajasthan Sales Tax Act, 1994 ('the Act of 1994') reads as follows:

"56. Refund. (1) Where any amount is refundable to a dealer under the provisions of this Act, after having duly verified the fact of deposit of such amount, the assessing authority shall in the prescribed manner refund to such dealer the amount to be refunded either by cash payment or by adjustment against the tax or other sum due in respect of any other period; and such refundable amount shall carry interest at the rate of fifteen percent per annum with effect from the date of its deposit.

(2) Where an amount or tax is collected at any check-post-from any person who is not registered under the Act and such amount or tax is not found payable by him, or





where an amount in lieu of tax for any work is deducted in any manner by an awarder from any bill of payment to a contractor, who is not liable to get registration under the Act, the amount so collected or deducted shall be refunded in the prescribed manner by the Assistant Commissioner or the Commercial Taxes Officer, as the case may be, in whose territorial jurisdiction such person or contractor ordinarily resides; and where such person or contractor does not reside in the State, then such refund shall be made by such officer who may be directed by the Commissioner.

(3) Any tax levied and collected under this Act, in respect of the sale or purchase inside the State of any declared goods which are subsequently sold in the course of inter-State trade or commerce and on which tax has been paid under the Central Sales Tax Act, 1956 (Central Act 74 of 1956), shall be refunded to the person making such sale or purchase in the course of inter-State trade or commerce, in such manner and subject to such conditions as may be prescribed.

(4) Notwithstanding anything contained in this section or in any other law for the time being in force, a refund can be claimed only by the dealer or the person, who has actually suffered the incidence of tax; and the burden of proving the incidence of tax so suffered shall be on the dealer or the person claiming the refund."

8. A plain reading of Section 56 of the Act of 1994 makes it clear that once the statutory provision binds the respondents to pay interest on the refunded amount, there is no way the respondents could escape this statutory obligation.

9. Consequently, the instant writ petition deserves to be and is hereby allowed. The respondents are directed to pay statutory interest on the refunded amount strictly in accordance with Section 56 of the Act of 1994, within a period of three months from today.

(PRAVEER BHATNAGAR),J

(DR.PUSHPENDRA SINGH BHATI),J

21-Nirmala-NishantK/-

