NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins) No. 1752 of 2026

(Arising out of the Order dated 22.07.2026 passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, Court- I in I.A. No.800/AHM/2026 in Company Petition (IB) 59 of 2019)

IN THE MATTER OF:

Deputy Commissioner of Commercial Taxes,
(Audit) - I, Mangaluru
Room No. 301: 00302, 3rd Floor,
Vanijya Therige Bhavana, Maidan Road,
Mangaluru - 575001
Email: dcctauditl.mng@ctd.ka.gov.in

…Appellant

Versus

1. M/s Doshion Private Limited
(in liquidation)
Represented herein by its Liquidator,
Sumedha Management Solutions Private Limited
Represented herein by its Director,
Mr. Bijay Murmuria
Having its Registered Office at 8B,
Middleton Street, 6A Geetanjali Apartments,
Kolkata-700071
Email: ip.doshionpvtltd@gmail.com

…Respondent No.1

2. Sumedha Management Solutions Private Limited
Liquidator of M/s Doshion Private Limited
(in liquidation)
Represented herein by its Director,
Mr. Bijay Murmuria

Having its Registered Office at 8B, Middleton Street,
6A Geetanjali Apartments,
Kolkata-700071 **…Respondent No.2**

Present

For Appellant:	Mr. Janak Purohit & Mr. Sandeep Huilgol, Advocates.
For Respondent:	Mr. Kunal Vaishnav & Mr. Yuvraj Thakore, Advocates for Liquidator

J U D G E M E N T

(29.10.2026)

NARESH SALECHA, MEMBER (TECHNICAL)

1. The present appeal has been filed by the Appellant i.e., Deputy Commissioner of Commercial Taxes, (Audit) -1, Mangaluru who is the Operational Creditor of the Corporate Debtor/Respondent No. 1, M/s Doshion Private Limited under Section 61 of the Insolvency and Bankruptcy Code, 2016 **('Code')** against the Order dated 22.07.2026 **("Impugned Order")** passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, Court- I **("Adjudicating Authority"**) in I.A. No.800/ AHM/2026 in Company Petition (IB) 59 of 2019.

M/s Doshion Private Limited, (in liquidation) represented herein by its Liquidator, Sumedha Management Solutions Private Limited represented herein by its Director Mr. Bijay Murmuria is the Respondent No.1 herein.

Sumedha Management Solutions Private Limited represented herein by its Director Mr. Bijay Murmuria is the Respondent No.2 herein.

2. The Appellant stated that Respondent No. 1 was engaged, inter alia, in the business of water treatment, industrial wastewater treatment, and purification solutions. Although its registered place of business was situated in Ahmedabad, Gujarat, it also carried on business in Mangaluru, Karnataka. The Appellant submitted that, by an order dated 03.10.2023, the Adjudicating Authority initiated liquidation proceedings against Respondent No. 1 under the provisions of the Code and appointed Respondent No. 2, Sumedha Management Solutions Private Limited, as the liquidator of the Corporate Debtor.

3. The Appellant submitted that, in the course of its business, Respondent No. 1 had affected inter-State sales from Karnataka and was registered as a taxable person under the Central Goods and Services Tax Act, 2017 ("CGST Act") and the Karnataka Goods and Services Tax Act, 2017 ("KGST Act"), bearing GSTIN No. 29AAACD8771G1ZD. Accordingly, Respondent No. 1 was liable to discharge its statutory tax obligations under the applicable GST enactments.

4. The Appellant contended that its office had been assigned the responsibility of assessing Respondent No. 1 for the assessment year April 2019 to March 2020 and initiating adjudication proceedings in respect of discrepancies identified during scrutiny of the Corporate Debtor's returns. Upon scrutiny and verification, it was discovered that Respondent No. 1 had discharged Integrated

Goods and Services Tax ("IGST") on certain works contract services falling under HSN 9954, even though the place of supply was within Karnataka. Consequently, the transactions constituted intra-State supplies attracting Central Goods and Services Tax ("CGST") and Karnataka Goods and Services Tax ("KGST"), rather than IGST.

5. The Appellant submitted that, pursuant to the assignment issued by the Joint Commissioner of Commercial Taxes (Administration), Mangaluru, bearing No. ADJ/2389/2024-25 dated 12.08.2024, it initiated adjudication proceedings under Section 74 of the GST Acts by issuing an intimation in Form GST DRC-01A dated 06.09.2025. Since Respondent No. 1 failed to furnish a satisfactory explanation for the erroneous classification and discharge of IGST on intra-State supplies, the Appellant proceeded to issue a show-cause notice in Form GST DRC-01 dated 23.09.2025, proposing the levy of CGST and KGST on the transactions in question.

6. The Appellant stated that Respondent No. 2, through communications dated 23.10.2025 and 14.11.2025, responded to the show-cause notice and informed the Appellant about the liquidation proceedings concerning Respondent No. 1. The Appellant contended that the adjudication proceedings under Section 74 were continued solely for the limited purpose of determining and crystallising the statutory tax liability of the Corporate Debtor. It specifically submitted that no coercive recovery proceedings were initiated against Respondent No. 1 during the course of such adjudication.

7. The Appellant submitted that, in discharge of its statutory obligations, it completed the adjudication proceedings and passed an adjudication order dated 21.02.2026 under Section 74(9), read with Sections 50 and 122 of the CGST/KGST Acts, determining a tax liability of ₹8,10,000 against Respondent No. 1, comprising ₹4,05,000 towards CGST and ₹4,05,000 towards KGST. Thereafter, Respondent No. 1 filed an application for rectification dated 26.02.2026 seeking rectification of the said adjudication order.

8. The Appellant contended that the statutory liability forming the subject matter of the present proceedings arose from a separate and independent adjudication proceeding under Section 74 of the GST Acts and could not be equated with the liability involved in the earlier proceedings initiated under Section 73 for the same assessment year. It submitted that the present proceedings culminated only upon the passing of the adjudication order dated 21.02.2026 and, therefore, the liability in question was determined and crystallised only at that stage.

9. The Appellant submitted that, after the adjudication order was passed and upon obtaining advice from its Special Counsel, it proceeded to prepare and submit its proof of claim in Form C before Respondent No. 2. The Appellant contended that this course of action was adopted bona fide, in deference to the ongoing liquidation proceedings and in compliance with its statutory duty to safeguard Government revenue. Accordingly, the Appellant finalised and submitted its claim in Form C before the Liquidator on 22.04.2026.

10. The Appellant stated that Respondent No. 2, by an email dated 02.05.2026, rejected the claim solely on the ground that it had been filed belatedly and could not be accepted at that stage of the liquidation proceedings. The Appellant contended that the rejection was based on a technical objection relating to delay, without properly appreciating that the adjudication order determining the liability had been passed only on 21.02.2026.

11. The Appellant submitted that Respondent No. 2 also referred to the rejection of I.A. No. 680/AHM/2025 by the Adjudicating Authority on 21.11.2025, which concerned a separate claim arising from adjudication proceedings under Section 73 of the GST Acts. The Appellant stated that it had challenged the said order before this Hon'ble Appellate Tribunal in Company Appeal (AT) (Ins.) No. 681 of 2026, along with I.A. Nos. 2569 and 2664 of 2026, and that the matter was pending adjudication. However, the Appellant contended that the pendency of the earlier appeal did not justify rejection of the present claim, since the latter arose from an independent proceeding under Section 74 and was founded upon a distinct adjudication order dated 21.02.2026.

12. The Appellant submitted that, being aggrieved by the rejection of its claim, it filed I.A. No. 800/AHM/2026 under Section 60(5) of the Code, read with Rule 11 of the National Company Law Tribunal Rules, 2016, seeking condonation of the delay of 896 days, calculated from 08.11.2023 to 22.04.2026, in submitting its claim during the liquidation proceedings of Respondent No. 1. The Appellant contended that the application was necessary because the Liquidator had declined

to entertain the claim on the ground of delay, notwithstanding the circumstances in which the liability had been determined.

13. The Appellant stated that the Respondents filed their affidavit in reply dated 26.06.2026, opposing the application on the ground that the delay was unjustified and that no sufficient or reasonable explanation had been furnished for the period of delay. The Appellant submitted that it thereafter filed a rejoinder dated 03.07.2026, denying the Respondents' contentions, reiterating the bona fide reasons for the delay, and relying upon decisions of various Benches of the NCLT in which delays in the filing of claims by statutory authorities had been condoned.

14. The Appellant contended that, by the impugned order dated 22.07.2026, the Adjudicating Authority dismissed I.A. No. 800/AHM/2026 on the ground that the Appellant had failed to establish sufficient reasons for the delay. It submitted that the Adjudicating Authority failed to appreciate that the tax liability had crystallised only on 21.02.2026 and that the Appellant had submitted its claim on 22.04.2026, shortly after the determination of the liability. The Appellant further contended that the Adjudicating Authority failed to consider the judicial precedents placed on record in support of its application.

15. The Appellant contended that the Adjudicating Authority travelled beyond the scope of the application by holding that the present case was not one involving delay in filing a claim in respect of a liability that had already crystallised as on the commencement of liquidation, but rather concerned dues determined and becoming payable after the commencement of liquidation proceedings. The

Appellant submitted that this ground had never been raised by the Respondents in the impugned rejection email dated 02.05.2026, which was the subject matter of challenge before the Adjudicating Authority. It further stated that the Adjudicating Authority had itself framed the issue for consideration as whether the Appellant was entitled to condonation of the delay of 896 days in filing its claim before the Liquidator. Having framed the issue in those terms, the Adjudicating Authority could not have dismissed the application on a different ground that had neither been raised by the Respondents in the impugned rejection nor put to the Appellant for its response.

16. The Appellant submitted that the aforesaid approach violated the principles of natural justice, as the application was dismissed on a ground that the Appellant had no opportunity to address. It contended that the Adjudicating Authority could not have enlarged the scope of the proceedings beyond the limited question of condonation of delay and introduced a distinct issue concerning the nature and timing of crystallisation of the liability. Accordingly, the Appellant submitted that the findings recorded in the impugned order were legally unsustainable and warranted interference by this Hon'ble Appellate Tribunal.

17. The Appellant contended that, even though the Adjudicating Authority acknowledged the principle laid down in ***Sundaresh Bhatt, Liquidator of ABG Shipyard v. Central Board of Indirect Taxes and Customs***, (2022) 2 SCC 1, it failed to give effect to the necessary consequences of the said judgment. The Appellant submitted that the Hon'ble Supreme Court recognised the authority of

revenue departments to determine tax dues, interest and penalties during insolvency or liquidation proceedings, while requiring such authorities to pursue their claims through the Liquidator rather than resorting to recovery in contravention of the applicable insolvency framework.

18. The Appellant stated that, in accordance with the aforesaid judgment, it had undertaken adjudication proceedings only to determine the statutory liability and had thereafter submitted its claim before the Liquidator. It contended that where the assessment or adjudication is permitted to continue after the commencement of liquidation, the resulting liability may crystallise only after the prescribed timeline for submission of claims has expired. In such circumstances, insisting upon strict compliance with the original timelines under Regulations 12 and 16 of the IBBI (Liquidation Process) Regulations, 2016, without considering the date on which the liability actually crystallised, would defeat the very purpose of permitting the statutory determination of dues. The Appellant submitted that, having filed its claim promptly after determination of the liability, it was entitled to have the claim entertained, verified and processed in accordance with law.

19. The Appellant further contended that the Adjudicating Authority adopted an inconsistent approach in the impugned order. It submitted that, at paragraph 13, the Adjudicating Authority expressly declined to examine the Respondents' contention that the adjudication proceedings initiated under Section 74 of the GST Acts after commencement of liquidation were contrary to Section 33(5) of the Code, observing that the application could be rejected on the ground of delay

and the maintainability of the claim under the liquidation framework. However, at paragraph 17, the Adjudicating Authority proceeded to hold that the dues had been determined and had become due after commencement of liquidation. The Appellant contended that such a finding necessarily involved consideration of the very issue that the Adjudicating Authority had expressly left open, thereby demonstrating non-application of mind and rendering the impugned order unsustainable.

20. The Appellant submitted that the Adjudicating Authority had itself observed that the Liquidator possessed no independent power to condone an extraordinary delay in filing claims under Regulations 12, 16 and 30 of the Liquidation Process Regulations, 2016. The Appellant contended that, having recognised the limitations upon the Liquidator's powers, the Adjudicating Authority ought to have exercised its own jurisdiction under Section 60(5) of the Code, read with Section 42 thereof, which had specifically been invoked by the Appellant. It stated that the application was filed precisely because the Liquidator had rejected the claim and the Appellant sought appropriate relief from the Adjudicating Authority. By failing to exercise its jurisdiction, the Adjudicating Authority effectively treated the Liquidator's limited administrative powers as overriding its own statutory jurisdiction, contrary to the scheme of the Code.

21. The Appellant contended that the Adjudicating Authority erroneously treated the delay as 896 days by calculating the period from 08.11.2023, being the original cut-off date under the public announcement in Form B, to 22.04.2026,

being the date on which the claim was filed. It submitted that the relevant period ought to have been considered with reference to the date on which the liability forming the subject matter of the claim actually crystallised. According to the Appellant, the adjudication order was passed on 21.02.2026 and the liability attained finality upon rejection of the rectification application on 24.03.2026. Therefore, when the period was calculated from the crystallisation of the liability to the filing of the claim on 22.04.2026, the delay was less than 30 days. The Appellant contended that the failure to distinguish between the original claim-submission cut-off date and the date on which the particular liability was determined resulted in an erroneous characterisation of its conduct as involving an extraordinary delay of 896 days.

22. The Appellant submitted that the delay was neither intentional nor deliberate and that it had acted with due diligence throughout the adjudication proceedings. It contended that the claim could not have been submitted in its present form before the liability was determined by the adjudication order dated 21.02.2026. The Appellant further stated that, after the liability was determined and the relevant legal advice was obtained, it proceeded to submit the claim before the Liquidator without undue delay. Accordingly, the Appellant submitted that the circumstances constituted bona fide and sufficient grounds for condonation of delay.

23. The Appellant submitted that the Adjudicating Authority failed to consider the settled principles governing condonation of delay and the judicial precedents

in which delays in filing statutory claims during liquidation proceedings had been condoned. It contended that the timelines prescribed for submission of claims should not be applied mechanically where sufficient and bona fide reasons are demonstrated, particularly when the claim concerns statutory dues determined by a Government authority.

24. The Appellant relied upon N. Balakrishnan v. M. Krishnamurthy, (1998) 7 SCC 123, to contend that the length of delay is not, by itself, decisive and that the acceptability of the explanation furnished for the delay must be considered. It submitted that the delay must be assessed in light of the reasons assigned and the prejudice, if any, likely to be caused to the opposite party. The Appellant contended that no prejudice would be caused to any stakeholder by allowing its claim to be considered on merits and that the Adjudicating Authority failed to return any finding on the question of prejudice, despite the issue having been specifically raised before it.

25. The Appellant further relied upon ***Bank of India v. Pacific Pipe Systems Pvt. Ltd.,*** *2021 SCC OnLine NCLT 14425* (NCLT Ahmedabad), wherein the delay on the part of the Regional Provident Fund Commissioner in filing a claim was condoned and the Liquidator was directed to consider the claim. The Appellant submitted that the said decision supported the proposition that a statutory authority's delayed claim could be entertained upon consideration of the circumstances justifying the delay.

26. The Appellant submitted that the consistent approach adopted in the earlier judicial decisions warranted consideration of its claim on merits. It contended that, where the liability itself was determined only after the commencement of liquidation, the circumstances justified a fair and equitable consideration of the delay, particularly when the Appellant had acted promptly upon crystallisation of the liability. The Appellant stated that the Adjudicating Authority's failure to consider the cited precedents and the reasons furnished by it resulted in an erroneous and unsustainable order.

27. The Appellant contended that it had acted in full compliance with the GST Acts, the rules framed thereunder, and its statutory duties. It submitted that, although the power to initiate recovery proceedings under Section 79 of the GST Acts was available, it refrained from taking coercive recovery measures against the Corporate Debtor and instead pursued the claim through the Liquidator in accordance with the insolvency framework.

28. The Appellant submitted that the claim represented statutory Government revenue determined after following the prescribed adjudicatory procedure, including issuance of an intimation in Form GST DRC-01A, a show-cause notice in Form GST DRC-01, consideration of the responses furnished by the Corporate Debtor, passing of the adjudication order, and subsequent rectification proceedings. It contended that rejecting the claim on a purely technical ground of delay, without demonstrating any prejudice to the stakeholders, would adversely affect the legitimate interest of the Government in recovering statutory dues.

29. The Appellant stated that the objective of the Code is to ensure an orderly and time-bound insolvency and liquidation process and not to extinguish legitimate statutory claims without consideration of the circumstances in which they arose. It contended that its claim ought to have been examined on merits, subject to verification and admission in accordance with the applicable provisions of the Code and the Liquidation Process Regulations, rather than being rejected solely on the basis of the original cut-off date.

30. The Appellant further submitted that it was not seeking any preferential treatment or priority over other creditors. It only sought permission for its claim to be verified, admitted, and processed in accordance with the applicable statutory framework and the waterfall mechanism prescribed under the Code. The Appellant contended that the admission of its claim for consideration would not confer any special status upon it but would merely enable its statutory dues to be dealt with in accordance with law.

31. The Appellant submitted that the impugned order was liable to be set aside because the Adjudicating Authority failed to consider the bona fide and genuine explanation furnished for the delay and instead recorded findings that were contrary to the circumstances of the case. It contended that the determination of the tax liability only on 21.02.2026 constituted a material circumstance that directly explained why the claim could not have been submitted earlier in its present form.

32. The Appellant contended that the Adjudicating Authority erred in mechanically computing the delay from 08.11.2023 to 22.04.2026 without considering the date of crystallisation of the liability. It submitted that the period between the determination of the liability and submission of the claim was less than 30 days, and that this circumstance demonstrated the promptness and bona fides of its conduct.

33. The Appellant submitted that the Adjudicating Authority failed to exercise its jurisdiction under Section 60(5), read with Section 42 of the Code, despite the Appellant having invoked such jurisdiction to seek appropriate relief against the Liquidator's rejection of its claim. It contended that the Adjudicating Authority ought to have considered whether the delay could be condoned and whether the claim could be directed to be verified and processed in accordance with law.

34. Concluding the arguments, the Appellant requested this Appellate Tribunal to set aside the Impugned Order and allow the present Appeal.

Findings

35. This appeal is filed by the Deputy Commissioner of Commercial Taxes (Audit)-1, Mangaluru, against the order under which the Adjudicating Authority dismissed the Appellant's application under Section 60(5) read with Section 42 of the Code. In that application the Appellant asked for three reliefs. First, that the Liquidator's communication dated 02.05.2026, which rejected its Proof of Claim

in Form C dated 22.04.2026, be set aside. Second, that a delay of 896 days in filing the claim be condoned. Third, that the Liquidator be directed to verify and admit the claim arising from the order dated 21.02.2026 passed under Section 74(9) of the CGST/KGST Acts.

36. At the outset, it may be clarified that on 08.10.2026 learned counsel for the Respondents asked that the appeal be decided at the admission stage without a reply, as the issue is short. The Appellant also agreed, as such we heard both sides and reserved judgment at the admission stage itself.

37. We have not set out the pleadings and arguments of the Respondents separately. Every point raised is being dealt with in the findings below, and the appeal is being decided finally.

38. We note that the Corporate Debtor was admitted into CIRP on 31.08.2021. It was ordered to be liquidated on 03.10.2023 in IA/769(AHM)/2021, and Sumedha Management Solutions Private Limited was appointed as Liquidator. A public announcement in Form B was made on 11.10.2023, and the last date for submitting claims was fixed as 08.11.2023. It is undisputed fact that the Appellant did not file any claim by that date.

39. The dues relate to the period April 2019 to March 2020. In that period the Corporate Debtor was registered under the CGST and KGST Acts and made taxable supplies. On scrutiny of its returns, the Appellant noticed that IGST had been paid on intra-State supplies. Adjudication proceedings under Section 74 of the CGST/KGST Acts were after the liquidation order. The Appellant issued the

Show Cause Notice to the Corporate Debtor on 23.09.2025. The Liquidator replied to the notice on 23.10.2025 and 14.11.2025 and informed the Appellant about the liquidation. It has been brought out that on 21.02.2026, an order was passed by the Appellant, under Section 74(9), read with Sections 50 and 122 of the CGST/KGST Acts, fixing the liability of the corporate debtor at Rs.8,10,000/-, made up of CGST of Rs.4,05,000/- and KGST of Rs.4,05,000/-. A rectification application filed by the Corporate Debtor on 26.02.2026 was rejected on 24.03.2026.

40. We have been informed that the Appellant filed its Proof of Claim in Form C on 22.04.2026. The Liquidator rejected it on 02.05.2026 because it was filed after the prescribed period. The application before the Adjudicating Authority was by the Appellant on 15.05.2026, which is within fourteen days of the rejection. It is significant to note that the claim was filed 896 days after the last date of 08.11.2023.

41. The Appellant had earlier filed IA No. 680(AHM)/2025 relating to proceedings under Section 73 of the Acts. It was dismissed on 21.11.2025. Company Appeal (AT) (Ins.) No. 681 of 2026 against that dismissal is pending. That appeal is not before us and nothing in this judgment touches it.

42. Based on the above facts, four questions arise. One, whether a claim based on the order dated 21.02.2026 can be admitted in a liquidation that began on 03.10.2023. Two, whether the delay of 896 days deserves to be condoned. Three, whether the judgment of the Supreme Court in ***Sundaresh Bhatt, Liquidator of***

ABG Shipyard v. Central Board of Indirect Taxes and Customs, Civil Appeal No. 7667 of 2021, ("*ABG Shipyard*"), relied on by the Appellant, helps the Appellant. Four, whether the other objections taken by the parties call for a decision.

43. We note that Section 38(1) of the Code requires the liquidator to receive claims within thirty days from the commencement of the liquidation process. Regulation 12 of the IBBI (Liquidation Process) Regulations, 2016 requires a public announcement calling upon all stakeholders to submit their claims as on the liquidation commencement date. It fixes the last date at thirty days from that date. Regulation 16 requires a person claiming to be a stakeholder to submit the claim as on the liquidation commencement date, on or before the last date. The liquidator then verifies the claims under Regulation 30 within thirty days of the last date.

44. We further take into consideration that under Sections 39 and 40 of the Code, the liquidator verifies the claims and admits or rejects them. Under Section 42 of the Code, a creditor aggrieved by the decision of the liquidator may appeal to the Adjudicating Authority within fourteen days of receiving the decision. So, both ends of the process carry short and fixed time limits. The Code does this on purpose. Liquidation is meant to move in a fixed order and within a fixed time, so that the list of stakeholders is settled early and distribution can follow.

45. We consciously note that the Regulations do not give the liquidator any power to accept a claim after the last date. The Appellant also accepts this. The

Liquidator was therefore right to reject the claim as late. The real question is what the Adjudicating Authority, and now this Appellate Tribunal, can and should do about it.

46. It is taken into consideration that Section 3(6) of the Code defines a "claim" as a right to payment, whether or not it has been reduced to judgment, fixed, disputed or undisputed. Section 5(21) of the Code treats dues payable to a State Government under any law as operational debt. The State tax authority to whom such dues are owed is an operational creditor. It is a creditor like any other. Its dues have a place in the waterfall under Section 53 of the Code, but only if they come in through the process the Code lays down.

47. At this stage we find that the Appellant's case needs a closer look at what Section 42 of the Code gives, which lets a creditor challenge the liquidator's decision to admit or reject a claim. Thus, we find that it is a remedy against a decision, however, it does not create a fresh right to file a claim that the Regulations have closed. The Adjudicating Authority, while hearing a Section 42 of the Code application, can check whether the liquidator acted within the Code and the Regulations. Here the Liquidator did exactly that, and applied Regulation 12 and refused a claim that came after the last date.

48. It is undisputed fact that Section 60(5) of the Code gives the Adjudicating Authority wide jurisdiction over claims by or against the corporate debtor and over any question of law or fact arising out of or in relation to the insolvency resolution or liquidation. That power is real. But it is a power to do justice within

the Code. It is not a power to rewrite the time limits that the Code and the Regulations have fixed. A wide power must still be used in a way that fits the scheme of the statute.

49. The Appellant also pointed to Section 238A of the Code, under which the Limitation Act applies to proceedings before the Adjudicating Authority. That does not help in this case. The Appellant's difficulty is not that its Section 42 of the Code application was filed late. It was filed in time. The difficulty is that the claim itself was filed 896 days after the last date fixed under the Regulations. The Limitation Act does not fix a period for filing a claim before a liquidator, and Section 5 of the Code cannot be used to stretch a period that the Code fixes for a different step.

50. The Appellant relied heavily on *ABG Shipyard (Supra)*. In that case the Honourable Supreme Court considered whether the Customs authorities could proceed against goods of a corporate debtor in liquidation by issuing demand notices and moving to sell the goods. The Honourable Supreme Court held that demand notices issued during the moratorium under Section 14 or Section 33(5) of the Code violate the Code. It also drew a line between assessment and recovery. Relying on ***S.V. Kondaskar v. V.M. Deshpande***, AIR 1972 SC 878, the Honourable Supreme Court held that an authority may continue to determine the tax, interest, fine or penalty due, but cannot enforce recovery during the moratorium.

51. Thus, we observe that the *ABG Shipyard* (supra) decides two things. The authority may assess during the moratorium, but it may not recover. And once it has assessed, it must claim within the time the Code allows. The judgment does not stipulate that the time for filing a claim starts afresh on the date of assessment. If it did, a tax authority would have no time limit at all, and the direction to follow the time periods in the Code would mean nothing.

52. We have noted that the Appellant's answer to the delay is that its liability was fixed only on 21.02.2026, and that it filed the claim within a reasonable time after that. There are two ways of looking at this, and the Appellant fails on both.

53. The first view is that the claim existed from the tax period itself. The Corporate Debtor's liability for April 2019 to March 2020 arose from its supplies in that period. It had not been quantified, but Section 3(6) of the Code stipulates that a right to payment is a claim even when it is not fixed or is disputed. On this view, the claim existed long before the CIRP began on 31.08.2021, and certainly on 03.10.2023. The Appellant could have filed it by 08.11.2023 with the particulars it had. It did not. The Appellant says it assigned the Section 74 proceedings of the CGST/KGST Acts only on 12.08.2024. That shows when the Appellant chose to look at these returns. A tax authority's own delay in scrutinising returns cannot be passed on to a liquidation that has been running on public notice. On this view the claim is simply late by 896 days.

54. The second view is the Appellant's own case, that the liability came into existence only on 21.02.2026. On this view the claim rests on an order passed

more than two years after the liquidation commencement date. This Appellate Tribunal has held more than once that such a claim cannot be admitted. It has been held that Regulations 12 and 16 contemplate claims as on the liquidation commencement date, and that a claim arising later cannot be admitted. The same view was taken for claims founded on assessment orders passed after liquidation began.

55. We do not need to choose between the two views, because the result is the same. On the first view the claim is late and no good reason is shown requiring any intervention. On the second view the claim lies outside Regulations 12 and 16 and cannot be admitted, whatever the reason for the delay. Whichever way it is seen, the Appellant cannot succeed.

56. The Appellant also pleaded and wanted us to accept his logic that proceedings under Sections 73 and 74 of the CGST/KGST Acts are different, and relied on ***PEI Industries v. Union of India***, *W.P (C) No. 7725 of 2026* decided by the Delhi High Court on 29.05.2026. Even if we accept the arguments of the Appellant that they are different under the CGST/KGST Acts, the time for filing a claim in liquidation is fixed by the Code and the Regulations, not by the CGST/KGST Acts. The kind of GST proceeding does not change the date on which liquidation began or the last date for claims.

57. We also observe that the Appellant rightly used Section 42 of the Code and came to the Adjudicating Authority within fourteen days of the rejection. It argued that even if the Liquidator cannot condone delay, the Adjudicating Authority can

do so under Section 60(5) read with Section 42 of the Code. Even if we assume that the power exists, it can be used only for sufficient cause and where the time-bound working of the liquidation is not harmed. The Code's own limits are short. A claim must be filed in thirty days and a challenge to the liquidator's decision in fourteen. A claimant who comes 896 days late is asking for a large exception to a scheme built on short periods. It must show strong reasons for that.

58. The Appellant's explanation is that the liability crystallised on 21.02.2026 and that the claim was filed soon after. At most this explains the period after 21.02.2026. The claim was filed 29 days after the rectification application was rejected on 24.03.2026. It does not explain the period from 08.11.2023 to 21.02.2026, which is more than two years and three months. For that period there is no explanation at all. And, as we have seen, the date of crystallisation does not decide when a claim must be filed under the Code.

59. The Appellant does not say that it did not know about the liquidation. A public announcement was made on 11.10.2023. By 2025 the Appellant had filed IA No. 680(AHM)/2025 in the same company petition. In October and November 2025, the Liquidator wrote to it during the Section 74 proceedings of the CGST/KGST Acts and told it about the liquidation. Even then it filed its claim only on 22.04.2026. Waiting for the adjudication to finish was the Appellant's own choice. The Code did not require it, because a disputed or unquantified claim can be filed.

60. We are aware that the Appellant is a statutory authority, but this fact does not give it a longer period. It has its own records of registered persons and has access to public notices. ***ABG Shipyard (supra)*** itself stipulates such authorities to follow the time periods in the Code strictly. Government dues find their place in Section 53 of the Code, but only through the claims process.

61. We need to appreciate that the Corporate Debtor has been in liquidation for three years. The process has run on the claims received by 08.11.2023. If a claim is admitted after this long, the Liquidator must reopen verification and revise the list of stakeholders, and distribution may be affected. That is the harm the time limits are meant to prevent. The amount is small, but the test is not the amount. If this claim is admitted, other late claimants will ask for the same. We feel that it is not the intention of the code. We find that no sufficient cause is shown for the delay of 896 days. We also find that admitting the claim would be against the time-bound working of the Code.

62. We also keep in mind the position of the other stakeholders. Their claims were filed and verified on the basis of the list prepared after 08.11.2023. They have organised their expectations around that list. A statutory creditor stands in the same line as other operational creditors, and Section 53 of the Code does not put it ahead of the rest merely because it is the State. Letting it in three years late, on a liability that did not exist when the list was made, would treat it better than every creditor who obeyed the timelines.

63. In view of the above discussion, we are of the considered view that the Adjudicating Authority was right to dismiss the application. The Liquidator's rejection dated 02.05.2026 cannot be faulted. The claim was filed 896 days after the last date. The Liquidator had no power to accept it. No sufficient cause is shown for the Adjudicating Authority to condone the delay. And a claim founded on a liability fixed after the liquidation commencement date does not fit the scheme of Regulations 12 and 16.

64. We do not find merit in the Appeal. The appeal is dismissed. There shall be no order as to costs. All pending interlocutory applications, if any, stand closed.

[Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

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