



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IBC Case Law Capsule

No. 219

(April 17, 2025)

Vaibhav Goel & Anr. vs. Deputy Commissioner of Income Tax & Anr.
Civil Appeal No. 49 of 2022
Date of Supreme Court's Judgement: March 20, 2025

Facts of the Case

The present appeal was filed jointly by resolution applicants (hereinafter, Applicants), who submitted a Resolution Plan for M/s Tehri Iron and Steel Casting Ltd. (Corporate Debtor or CD) dated January 21, 2019, urging the Supreme Court for declaring that the tax demands made by Deputy Commissioner of Income Tax (Respondent No. 1) pertaining to assessment years 2012-13 and 2013-14 should be declared invalid.

The Appellants had submitted a Resolution Plan for the CD dated January 21, 2019, which was approved by the NCLT vide its order dated May 21, 2019. The Resolution Plan has mentioned "Contingent Liabilities" of the Respondent No. 1 amounting ₹16,85,79,469/- for the assessment year 2014-15 based on the demand dated 18th December 2017 which was rectified under Section 154 of the Income Tax Act, 1961. After approval of the Resolution Plan, Respondent No. 1 issued demand notices under the IT Act concerning assessment years 2012-13 and 2013-14, respectively, in respect of the CD. These demands were not submitted before the Resolution Professional during the CIRP. The Monitoring Professional (Respondent No. 2) wrote a letter to the Respondent No. 1 contending that these demands were unsustainable in law. Subsequently, the Respondent No. 2 applied before the NCLT for declaring that the demands made by the Respondent No. 1 pertaining to assessment years 2012-13 and 2013-14 were invalid on the grounds that no claim in respect thereof was made before the Resolution Professional until the Resolution Plan approved by the order dated May 21, 2019. However, the NCLT dismissed the application and imposed a cost of ₹1 lakh against the appellants and the second respondent. The NCLAT also dismissed the appeal via the impingement judgement dated November 25, 2021. The aggrieved appellants approached the Supreme Court.

Supreme Court's observations: The Supreme Court observed that the Respondent No. 1 did not make any claim regarding Income Tax dues of the CD for the assessment year 2012-13 and 2013-14. The Applicants, therefore, proposed to pay all Statutory Liabilities as were appearing in the balance sheet of the CD.



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It was also observed that the Income Tax liabilities for the assessment years 2012-13 and 2013-14 have not been shown as contingent liabilities under the Resolution Plan. Placing reliance on the Supreme Court judgement in the case of *Ghanashyam Mishra and Sons Pvt. Ltd. v. Edelweiss Asset Reconstruction Company Ltd.* (2021), the court said that once a Resolution Plan is duly approved by the Adjudicating Authority under Section 31 (1), the claims as provided in the Resolution Plan shall stand frozen and will be binding on the CD and its employees, members, creditors, including the Central Government, any State Government or any local authority, guarantors and other stakeholders. Furthermore, the amendment to Section 31 of the IBC in 2019 is clarificatory and declaratory in nature and therefore will be effective from the date on which the IBC has come into effect. Thus, all the dues including the statutory dues owed to the Central Government, if not a part of the Resolution Plan, shall stand extinguished and no proceedings could not continue in respect of such dues for the period prior to the date on which the Adjudicating Authority grants its approval under Section 31 of the IBC. Therefore, the additional demands made by the Respondent No. 1 will operate as roadblocks in implementing the approved Resolution Plan, and appellants will not be able to restart the operations of the CD on a clean slate.

Order/Judgement: The demands raised by the Respondent No. 1 against the CD in respect of the assessment years 2012-13 and 2013-14 are invalid and can not be enforced. The orders of NCLT and NCLAT are set aside.

Case Review: *Appeal Allowed.*