

LEGAL UPDATES

NCLT CONDONES TAX OFFICER'S DELAY IN FILING CLAIM WITH RP, TAKING COVID-19 LOCKDOWNS INTO ACCOUNT

National Company Law Tribunal keeping in view the situation arising due to the nationwide lockdown owing to the COVID-19 pandemic, and the best interests of the Exchequer's revenue, allowed the Joint Commissioner of Commercial Taxes & G.S.T's (the Applicant) request for delay condonation in approaching the RP to submit their claim following the terms of IBC.

While adjudicating the matter the Hon'ble NCLT observed that the Applicant filed his claim with the RP after a delay of about 452 days, and the RP refused to consider it on the grounds that it was filed after the deadline.

The Applicant however contended that:-

- (i) The Corporate Debtor has received assessments for several tax periods, and tax claims have been made.
- (ii) However, as the outstanding tax payments were not paid, recovery actions were taken against the Corporate Debtor.
- (iii) The applicant then learned that the Corporate Debtor had been the subject of the current CIRP.

The Applicant further maintained that despite his repeated attempts to collect arrear tax demands from the Corporate Debtor, the RP's public announcement was made without his knowledge and that the COVID-19 restrictions were to blame for the current IBC proceedings not coming to his attention.

In light of the submissions made, the Tribunal directed the RP to decide the claim on its merits without being swayed by the fact that the adjudicating body had excused the delay.