ITC denial on non-reflection in GSTR-2A due to portal glitch was unjustified if statutory conditions met:

The High Court held that Input Tax Credit (ITC) cannot be denied merely because the invoices were not reflected in GSTR-2A, where such non-reflection was due to technical glitches in the GST portal and not because of any fault of the taxpayer.

Key findings:

- The taxpayer had availed ITC on the basis of valid tax invoices and had otherwise satisfied all statutory conditions prescribed under the GST law.
- The mismatch/non-reflection in GSTR-2A resulted from technical issues acknowledged by the GST authorities.
- A procedural or system-generated defect cannot override a taxpayer's substantive entitlement to ITC.
- In view of Circular No. 183/15/2022-GST, once the eligibility for ITC is otherwise established, the credit cannot be denied solely due to non-appearance of invoices in GSTR-2A.
- Since the ITC itself was admissible, the demand for interest and penalty was also unsustainable.

Key Takeaway

Substantive eligibility prevails over technical glitches. Where a taxpayer possesses valid invoices, has received the goods/services, and satisfies other statutory conditions for availing ITC, credit cannot be denied solely because the invoices do not appear in GSTR-2A due to portal-related issues. Consequently, no interest or penalty can be levied on such admissible credit.

How to Claim ITC During GST Portal Glitches

If ITC is not reflecting in GSTR-2A/GSTR-2B due to a portal issue, system error, or supplier reporting defect, you should take the following steps to protect your claim:

1. Ensure Section 16 Conditions Are Met

Maintain evidence that:

- You possess a valid tax invoice/debit note.
- Goods or services have been received.
- Tax has been paid by the supplier to the Government.
- GSTR-3B has been filed.

  These are the core conditions for ITC eligibility under Section 16.

2. Preserve Evidence of the Portal Glitch

Keep:

- GST portal screenshots.
- Error messages.
- Helpdesk tickets/complaints.
- Emails or acknowledgements from GSTN.
- Reconciliation statements showing the mismatch.

These documents can help establish that the non-reflection was due to a technical issue and not taxpayer default.

3. Obtain Supplier Confirmation

Where invoices are missing from GSTR-2A/GSTR-2B, obtain:

- Invoice copies.
- Supplier ledger confirmations.
- Proof that the supplier has discharged GST liability in GSTR-3B. Circular No. 183/15/2022-GST provides guidance for dealing with ITC mismatches and recognizing situations where the supplier's GSTR-1 reporting errors caused non-reflection in GSTR-2A.

4. Produce Certificates, If Required

For mismatch cases covered by Circular No. 183/15/2022-GST:

- A supplier certificate may be required for smaller mismatches.
- A CA/CMA certificate may be required for larger mismatches, certifying that the supplies were made and tax was paid by the supplier.

5. File a Detailed Reply to Any Show Cause Notice

If ITC is questioned:

- Explain the portal glitch.
- Submit invoice-wise reconciliation.
- Refer to Circular No. 183/15/2022-GST and relevant judicial precedents.
- Demonstrate compliance with Section 16 conditions.

6. Rely on Judicial Precedents

Courts have repeatedly held that substantive ITC cannot be denied merely because of technical glitches or GSTR-2A mismatches, provided the taxpayer can establish the genuineness of the transaction and satisfaction of statutory conditions.

Practical Takeaway for Taxpayers

Maintain a comprehensive ITC defense file containing:

- Tax invoices
- E-way bills/delivery proofs
- Supplier confirmation
- Payment proofs
- GSTR-3B extracts
- GSTR-2A/2B reconciliation
- GSTN helpdesk tickets and portal error screenshots

If these records establish genuine transactions and compliance with Section 16, ITC should generally be admissible even where non-reflection arises from portal-related issues