



JUDGEMENT

GST Demands Cannot Survive Resolution: Pre-Insolvency Tax Dues Stand Extinguished

Issued By:	Delhi High Court
In Case Of:	M/s Era Infra Engineering Ltd
Order No:	W.P.(C) 16944/2025
Order Date:	15th Dec 2025

FACTS & OBSERVATIONS

- The matter arose from a situation where a corporate debtor had already undergone the complete insolvency resolution process and **emerged with an approved resolution plan under the IBC framework**.
- **The resolution plan was approved after due consideration of claims** submitted by various stakeholders, including operational creditors and government authorities, in accordance with statutory timelines.
- After the successful completion of CIRP and implementation of the resolution plan, **GST authorities issued fresh demand notices for tax periods relating to the pre-insolvency era**.
- The core controversy revolved around **whether indirect tax demands, which were not part of the resolution plan, could be revived and enforced after the insolvency process had attained finality**.

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- It was observed that **approval of a resolution plan brings complete closure to past claims and is binding on all stakeholders**, including Central and State tax authorities.
- Statutory dues such as **GST liabilities, if not admitted or provided for in the approved resolution plan, stand extinguished by operation of insolvency law**.
- **Permitting recovery of old tax demands after resolution would erode certainty**, disrupt revival of the corporate debtor, and defeat the fundamental objective of the insolvency regime.
- Accordingly, **GST demand notices pertaining to periods prior to commencement of CIRP were held to be legally unsustainable** and liable to be set aside.

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