Scope of Rectification under Section 161 of the CGST Act is Confined to Errors Apparent on the Face of Record

The Hon'ble Madras High Court in ***Scals Enterprises v. The Commercial Tax Officer [W.P. No. 22391 of 2026 dated June 23, 2026]*** upheld the rejection of the rectification application filed under Section 161 of the Central Goods and Services Tax Act, 2017 (**"the CGST Act"**) insofar as it pertained to under-declaration of ineligible Input Tax Credit (**"ITC"**) and held that the scope of Section 161 of the applicable GST enactments is confined to rectification of patent errors and where the order sought to be rectified does not suffer from any error apparent on the face of the record, the rectification application cannot be entertained. However, liberty was granted to the Assessee to assail the order in original in accordance with law.

Facts:

Scals Enterprises (**"the Petitioner"**) is a proprietorship concern registered under the GST law in the State of Tamil Nadu. An assessment order was passed against the Petitioner for the tax period April 2018 to March 2019 (**"the Order in Original"**), *inter alia*, on the issues of availment of allegedly invalid ITC under Section 16(4) of the CGST Act and under-declaration of ineligible ITC.

The Petitioner filed a rectification application under Section 161 of the CGST Act, which came to be decided by the Commercial Tax Officer, Cholavaram Assessment Circle (**"the Respondent"**) vide order dated February 05, 2026 issued in FORM GST DRC-08 (**"the Impugned Order"**). The rectification application was allowed with regard to the alleged invalid ITC under Section 16(4) of the CGST Act, after noticing that the returns were filed within the extended time limit specified in Section 16(5) of the applicable GST statutes.

However, insofar as the issue of under-declaration of ineligible ITC was concerned, the request for rectification was rejected. The Petitioner contended that the said rejection was made solely on the ground of non-submission of supporting documents.

Aggrieved by the rejection, the Petitioner filed a writ petition under Article 226 of the Constitution of India praying for issuance of a Writ of Certiorari to quash the Impugned Order insofar as it pertained to under-declaration of ineligible ITC.

Issue:

Whether the rejection of a rectification application filed under Section 161 of the CGST Act with respect to under-declaration of ineligible ITC is sustainable when the order sought to be rectified does not contain any error apparent on the face of the record?

Held:

The Hon'ble Madras High Court in ***W.P. No. 22391 of 2026*** held as under:

- Observed that, on perusal of the Impugned Order, the State Tax Officer had concluded that the Order in Original, with regard to under-declaration of ineligible ITC, did not contain any error apparent amenable to rectification, and such conclusion was reached after also recording that the supporting documents had not been filed by the Petitioner.
- Noted that, the scope of Section 161 of the applicable GST enactments is confined to rectification of patent errors, i.e., errors apparent on the face of the record.
- Held that, on examining the Impugned Order, no infirmity was found in the rejection of the rectification application with regard to under-declaration of ineligible ITC.

- Accordingly, the writ petition was disposed of without any order as to costs, by leaving it open to the Petitioner to assail the Order in Original with regard to the said issue in accordance with law.

Our Comments:

Section 161 of the CGST Act governs "Rectification of errors apparent on the face of record". It empowers the authority which has passed or issued any decision, order, notice, certificate or any other document, to rectify any error which is apparent on the face of the record, either on its own motion, or where such error is brought to its notice by any officer appointed under the CGST/SGST Act or by the affected person, within a period of three months from the date of issue of such decision, order, notice, certificate or document. The first proviso to Section 161 stipulates that no such rectification shall be carried out after a period of six months from the date of issue of such decision, order, notice, certificate or document; however, the second proviso clarifies that the said outer time limit of six months shall not apply where the rectification is purely in the nature of correction of a clerical or arithmetical error, arising from any accidental slip or omission. Further, the third proviso mandates that where such rectification adversely affects any person, the principles of natural justice must be followed.

The expression "error apparent on the face of the record" has been the subject matter of consistent judicial interpretation. The Hon'ble Supreme Court in ***T.S. Balaram, ITO v. Volkart Brothers [(1971) 82 ITR 50 (SC)],*** while dealing with the pari materia power of rectification under the income tax law, held that a mistake apparent on the record must be an obvious and patent mistake and not something which can be established by a long-drawn process of reasoning on points on which there may conceivably be two opinions. Similarly, in ***Satyanarayan Laxminarayan Hegde v. Millikarjun Bhavanappa Tirumale [AIR 1960 SC 137],*** it was held that an error which has to be established by a long-drawn process of reasoning cannot be said to be an error apparent on the face of the record.

In the context of tax rectification provisions, the Hon'ble Supreme Court in ***Deva Metal Powders Pvt. Ltd. v. Commissioner, Trade Tax, U.P. [(2008) 2 SCC 439]*** reiterated that a "mistake apparent on the record" must be a mistake which is manifest, self-evident and does not require elaborate arguments or investigation of facts to be established. A decision on a debatable point of law or a disputed question of fact is not a mistake apparent from the record. The same principle was earlier enunciated in ***Master Construction Co. (P) Ltd. v. State of Orissa [AIR 1966 SC 1047],*** wherein it was held that the power of rectification can be invoked only to correct errors which are self-evident from the record and not those which require a process of investigation or fresh appreciation of evidence.

Applying the aforesaid settled principles, the present ruling reaffirms that the remedy of rectification under Section 161 of the CGST Act is a limited remedy and cannot be treated as a substitute for the statutory appellate remedy available under Section 107 of the CGST Act. Issues which require verification of documents, appreciation of evidence, or adjudication of disputed questions of fact, such as the quantum or eligibility of ITC, fall outside the narrow compass of rectification. Notably, in the present case, the Petitioner itself had not furnished the supporting documents before the authority, and consequently, no error could be said to be "apparent" from the record as it stood.

At the same time, it is pertinent to note that where the error is truly patent and demonstrable from the record itself, such as arithmetical or clerical mistakes, double computation of the same demand, or non-consideration of a reply or document admittedly available on record, various High Courts have consistently directed the authorities to exercise the power of rectification and have set aside mechanical rejections of rectification applications, particularly where the same were rejected without affording an opportunity of hearing in violation of the third proviso to Section 161 of the CGST Act.

The key takeaway for taxpayers is that a rectification application under Section 161 of the CGST Act should be confined to errors which are ex facie evident from the record and should be supported by all relevant documents at the time of filing. For issues involving merits, disputed facts or contentious questions of law, the appropriate remedy is to prefer an appeal under Section 107 of the CGST Act within the prescribed limitation period, since the pendency or rejection of a rectification application does not, by itself, extend the period of limitation for filing an appeal.

CLICK HERE FOR OFFICIAL JUDGMENT COPY

(Author can be reached at info@a2ztaxcorp.com)

DISCLAIMER: The views expressed are strictly of the author and A2Z Taxcorp LLP. The contents of this article are solely for informational purpose and for the reader's personal non-commercial use. It does not constitute professional advice or recommendation of firm. Neither the author nor firm and its affiliates accepts any liabilities for any loss or damage of any kind arising out of any information in this article nor for any actions taken in reliance thereon. Further, no portion of our article or newsletter should be used for any purpose(s) unless authorized in writing and we reserve a legal right for any infringement on usage of our article or newsletter without prior permission.