

## Karnataka HC stays interest and penalty proceedings against Toshiba on employee secondment

Oct 20, 2025

Karnataka HC grants interim stay on recovery of interest and penalty demanded from M/s Toshiba Software (India) Pvt. Ltd. (Assessee) in relation to GST liability on employee secondment services; Assessee challenged Revenue's order imposing interest and penalty on belated payment of GST for secondment services received in earlier FYs, contending that since the entire tax paid was available as ITC, there was no revenue loss and, hence, no justification for levy of interest which is compensatory in nature; Relying on [CBIC Circular No. 210/4/2024-GST](#), which clarifies that in cases where no invoice is issued and the recipient is eligible for full ITC, the value of service may be treated as 'nil', thereby negating any liability for interest or penalty; Finding a prima facie case in favour of the Assessee, HC grants interim stay on recovery of the interest and penalty.

The matter is before a Bench of heard by Justice S.R. Krishna Kumar.

Senior Advocate. T. Suryanarayana along with Advocates Sudipta Bhattacharjee, Onkar and Rishabh Prasad (from Khaitan & Co.) are appearing on behalf of Assessee, whereas Revenue is being represented Advocate Jeevan Niragi.

*Copy of the order is awaited*

**Toshiba Software (India) Private Limited v. Union of India & Ors.**

### GSTsutra Note:

- Karnataka HC in Alstom Transport [\[TS-647-HC\(KAR\)-2025-GST\]](#) had quashed IGST on secondment arrangement of Alstom Transport India with its overseas group entity.
- Karnataka HC in [Toyota](#) had granted ad-interim relief on the issue of demand of interest and penalty in respect of secondment.