



59th Edition
NEWSLETTER

ICAI-GST

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President's Communication



Dear Professional Colleagues,

Greetings!

It is with immense pleasure that I extend my warm greetings to all the dedicated professionals, taxpayers, and stakeholders who form the backbone of the Goods and Services Tax (GST) ecosystem.

The GST collections for **October 2025** stood at **₹1,95,936 crore**, reflecting a **4.6%** increase over the **₹1,87,346 crore** collected in October 2024—a testament to sustained economic momentum and improved tax compliance. This encouraging growth was supported by strong festive season consumption and further strengthened by effective compliance measures. Additionally, the recent **rate rationalisation** under GST, which has reduced tax rates on several goods, has made products more affordable, thereby stimulating demand and contributing to higher revenue mobilisation.

Building on these positive developments, I firmly believe that the **reduction in input taxes** and the introduction of **faster refund mechanisms under GST 2.0** will further enhance export competitiveness, boost domestic consumption, and reinforce the nation's economic growth. These landmark reforms are delivering tangible relief to taxpayers while promoting transparency, efficiency, and overall ease of doing business.

In alignment with these reform-driven initiatives, the **GST & Indirect Taxes Committee of ICAI** hosted a webinar on “GST Appellate Tribunal: Filing & Procedure” on 11 October 2025, in collaboration with the Department of Revenue, Ministry of Finance. The session was graced by **Hon'ble President, GSTAT, Justice Dr. Sanjaya Kumar Mishra**, who delivered the inaugural Address. With the GSTAT portal formally launched on **24 September 2025**, the webinar served as a timely effort to familiarise members with the functioning, filing procedures, and operational aspects of the newly established tribunal—reflecting ICAI's steadfast commitment to strengthening institutional knowledge and supporting a smooth transition to the GSTAT framework.

Further reinforcing its proactive approach, the **GST & Indirect Taxes Committee** continues to play a pivotal role in capacity building across the country. Since the implementation of GST Regime, the Committee has been consistently conducting training programmes for Government officers in various States and extending faculty support to tax administrations. Notably, it supported the State Tax Department, Tripura, in organising the GST Awareness Programme on Recent GST Rate Rationalisation at Agartala and at Udaipur (in Tripura), and assisted the Taxation Department, Meghalaya, in their Capacity Building Programme on GST at Shillong.

As the business and regulatory environment continues to evolve, it remains imperative for both the Institute and its members to adapt, innovate, and embrace continuous learning. By doing so, we uphold the profession's proud seven-decade legacy of excellence and continue to serve as a role model of integrity, competence, and nation-building.

CA. Charanjot Singh Nanda

President

The Institute of Chartered Accountants of India

PHOTOGRAPHS



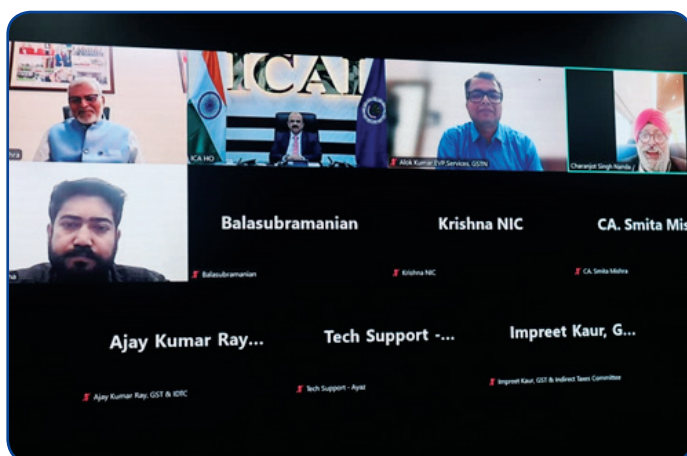
"Capacity Building Programme on GST" for the Taxation Dept., Meghalaya, organised by GST & IDTC, ICAI at Meghalaya Administrative Training Institute, Shillong on 28.10.2025.



CA. Rajendra Kumar P, Chairman, GST & IDTC, met Hon'ble Deputy Comptroller and Auditor General of India, Ms. Sandhya Shukla at New Delhi on 27.10.2025.



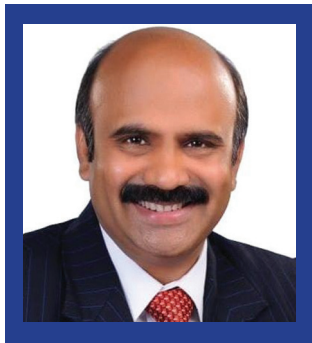
CA. Rajendra Kumar P, Chairman, GST & IDTC, met Mr. Thiru S. Nagarajan, IAS, Commissioner of GST at Tamil Nadu on 25.10.2025



Webinar on "GST Appellate Tribunal: Filing & Procedure" organized by GST & IDTC of ICAI in collaboration with Department of Revenue, Ministry of Finance on 11.10.2025, wherein Hon'ble President, GSTAT, Justice Dr. Sanjaya Kumar Mishra delivered the Inaugural Address.



CA. Umesh Sharma, Vice-Chairman, GST & IDTC, addressing the "GST Awareness Programme for Taxpayers on Recent GST Rate Rationalisation" organised by the Taxes Organisation, Finance Department, Government of Tripura, in collaboration with GST & IDTC on 08.10.2025.



Esteemed Member,

Warm Greetings!

I am delighted to share the 59th edition of the ICAI GST Newsletter and hope that you are progressing well in your professional journey. In this edition, I would like to draw your attention to the newly introduced **Rule 14A**, which provides an optional and simplified registration mechanism for applicants whose total output tax liability (comprising CGST, SGST/UTGST, IGST, and Compensation Cess) on supplies made to registered persons does not exceed ₹2,50,000 per month.

Moving forward, I am pleased to inform you that, from **October 2025 onwards**, the Integrated Management System (IMS) has been further strengthened with the introduction of a new **“Import of Goods”** functionality. Under this feature, the Bill of Entry (BoE) filed by taxpayers for import of goods, including supplies received from SEZs, is now automatically made available in the system for timely review and action. Where no action is taken, the BoE will be treated as deemed accepted, ensuring seamless compliance while reducing procedural burden. This enhancement not only improves the ease of doing business but also streamlines reconciliation and enables accurate preparation of the draft **Form GSTR-2B** on the 14th of the following month. Overall, the functionality promotes better compliance and provides businesses with a smoother, more efficient GST experience.

The **GST Council**, in its recent meeting, had recommended the introduction of a system-driven framework to streamline and expedite GST refunds. Acting proactively on this recommendation, the **Central Board of Indirect Taxes and Customs (CBIC)** issued Instruction No. 06/2025-GST dated October 3, 2025, operationalising a **risk-based, system-generated mechanism** for granting provisional refunds. Under this framework, **90% of the refund amount** claimed for zero-rated supplies and inverted duty structure (IDS) will now be sanctioned provisionally based on automated risk assessment, with the refund being withheld only where specific written reasons are recorded in accordance with Rule 91(2) of the CGST Rules. This progressive and proactive measure, effective from October 1, 2025, marks a major step towards faster refunds, greater predictability, and enhanced ease of doing business.

Further, I am pleased to share that we have released an updated edition of one of our key publications— **“Handbook on Input Service Distributor under GST.”** The publication is available for free download at the ICAI GST portal, and physical copies can be procured through the **CDS Portal**.

We hope this edition provides you with valuable insights and timely updates. Stay tuned for more informative articles and developments in our upcoming issues. As always, we welcome your feedback and suggestions at gst@icai.in.

CA. Rajendra Kumar P

Chairman

GST & Indirect Taxes Committee

The Institute of Chartered Accountants of India

Cross Charge vs Input Service Distributor (ISD) under GST — Litigation, Ambiguity, and Practical Realities for Multi-State Businesses

As businesses grow in scale, they often expand their operations across multiple states to access wider markets, streamline procurement and manufacturing, and improve service delivery. To manage such dispersed operations efficiently, organisations typically operate through a structured Head Office and Branch Office model. The head office performs centralised functions such as finance, human resources, IT, taxation, procurement, legal compliance and management oversight, while operational units or branches focus on execution activities such as manufacturing, sales, logistics or service fulfilment.

Under the earlier service tax regime, organisations were permitted to operate under a single PAN-based registration, and the interaction between the head office and branches was treated merely as internal cost allocation. With the introduction of GST, the compliance landscape changed fundamentally. GST treats each registration in each state as a distinct taxable person under Sections 25(4) and 25(5) of the CGST Act. As a result, when one registration undertakes activities for another such as providing managerial support, IT services or administrative functions those activities are no longer considered internal. Instead, they are deemed to be taxable supplies between distinct persons, irrespective of whether consideration is charged.

This shift created a practical challenge: while the head office incurs expenses and avails input tax credit on many common services (audit fees, IT software licenses, consultancy, etc.), the economic benefit of those services is often enjoyed by branches. Businesses therefore needed a mechanism to pass input tax credit to the consuming GST registrations and recognise internal services provided by one registration to another. To address this, GST provides two mechanisms Input Service Distributor (ISD) to distribute input tax credit of third-party vendor services, and cross charge to recognise and value internally generated services.

However, GST law initially did not clarify which mechanism should be applied in what scenario. This led to inconsistent industry practices. Some companies used only ISD and ignored cross charge even for internal service functions. Others cross charged practically every expense, including services received from third-party vendors, bypassing ISD. Audit authorities also adopted conflicting positions, leading to notices questioning why ISD was not used in some cases and why cross charge was used in others.

Unclear legislative direction and varied interpretations by businesses and authorities resulted in significant litigation across industries.

ISD: Substance and intent

The ISD mechanism, defined under Section 20 of the CGST Act read with Rule 39 of the CGST Rules, is designed to distribute input tax credit relating to common input services received by the head office or any designated office from external vendors. These services may ultimately benefit multiple state registrations. The ISD mechanism does not treat this distribution as a supply. Instead, it merely passes on the corresponding credit to the consuming branches through an ISD invoice, as if the vendor had billed those branches directly.

Before recent amendments, taxpayers had the flexibility to either distribute such common third-party credits through the ISD route or recover them through a tax invoice by way of cross charge, as Circular 199/11/2023 ('Circular 199') acknowledged both options under the law applicable at that time.

Cross charge as a deemed supply mechanism

The requirement to cross charge arises because Schedule I, read with Section 7 of the CGST Act, treats transactions between distinct persons as taxable supplies even when no consideration is charged. In practical terms, when the head office performs functions such as HR, finance, IT support, administration or legal services for branches located in other states, GST considers these activities as a supply of services from one registration to another.

Valuation of such supplies is governed by Rule 28 of the CGST Rules, with residual support from Rule 30 and 31. Rule 28 prescribes a hierarchy: first, the open market value; second, the value of like or similar services; and, where neither is determinable, any reasonable method consistent with the rules. The second proviso to Rule 28 is particularly relevant in shared-service models. Where the recipient branch is eligible for full input tax credit, the value declared on the invoice is deemed to be the open market value, thereby simplifying valuation.

The Columbia Asia ruling: employee services treated as supply between distinct persons

A significant judicial development in the cross charge vs. ISD debate emerged from the Appellate Authority for Advance Ruling in the case of Columbia Asia Hospitals. The hospital group operated multiple hospitals across India and maintained a corporate office in Karnataka. Employees at the corporate office performed centralised functions such as accounting, administration and IT support for hospitals located in other states. While the Karnataka registration availed GST input tax credit on

common corporate expenses such as rent, consultancy and travel, it did not raise cross charge invoices for the proportionate value of employee salaries relating to those services. The company argued that employee services fall outside the scope of GST because of the employer employee relationship.

The Authority rejected this argument and upheld the Advance Ruling. It held that under GST, each state registration of the same legal entity is treated as a distinct person. Therefore, when employees situated at one registration perform activities that benefit another registration, the employer employee exclusion does not apply at the entity level. Instead, a taxable supply is deemed to occur under Schedule I of the CGST Act. Accordingly, the proportionate employee cost becomes part of the value to be cross charged, subject to valuation rules and input tax credit eligibility. The Authority emphasised the principle of benefit flow, noting that the focus is on which registration receives the service, not on where the employee is appointed or where payroll is processed.

The Supreme Court's Northern Operating Systems judgment and its continuing relevance

On 19 May 2022, the Supreme Court issued a landmark judgment in the case of Northern Operating Systems Private Limited dealing with secondment of employees from overseas group entities to an Indian subsidiary. Although the secondees worked under the supervision and control of the Indian entity, they continued to remain on the payroll of the foreign company to maintain social security benefits. The foreign group entity raised debit notes to recover salary costs without markup.

The core issue before the Court was determining the real employer. If the Indian company were considered the employer, the reimbursement of salaries would not constitute consideration for a taxable service. However, if the foreign company continued to be the employer, the transaction would amount to a manpower supply service, taxable under reverse charge. The Supreme Court rejected a purely formal interpretation and applied the principle of substance over form. Despite operational control resting with the Indian company, factors such as payroll continuity, repatriation of employees and global deployment policy demonstrated that the foreign entity remained the true employer. Thus, the reimbursement constituted consideration for a taxable supply.

This reasoning has become relevant in GST cross charge disputes. It reinforces that taxability depends on the economic reality of the arrangement rather than on how it is labelled. Where head office personnel or shared service teams effectively provide services to other registrations, authorities increasingly apply the logic from Northern Operating Systems to treat the arrangement as a taxable supply between distinct persons.

Why ISD and cross charge were confused, and how the law evolved

For several years after the introduction of GST, taxpayers adopted differing interpretations regarding the distribution of common costs. Many businesses believed that distributing

input tax credit through the ISD route was sufficient and that internal services, particularly employee efforts, did not constitute a taxable supply. The decision of the Appellate Authority in Columbia Asia, along with Circular 199, shifted this understanding. These clarified that ISD is intended solely for distributing input tax credit relating to third party input services, whereas cross charge is applicable when the head office provides internally generated services to other registrations, creating a deemed supply.

However, advance rulings across states were not consistent. Some rulings supported cross charge for head office services, such as the Haryana ruling in Tupperware, while others, such as the Maharashtra AAAR ruling in Cummins India (2022), took the view that ISD registration was mandatory and that cross charging common third party expenses was not permissible. These divergent interpretations caused significant compliance uncertainty and inconsistent practices across organisations and states.

Circular 199 attempted to bring uniformity by clarifying that, at that time, companies could choose to distribute third party service credits either through the ISD route or through cross charge via a tax invoice, while internally generated services must continue to be cross charged. This clarification laid the foundation for clearly distinguishing between the two mechanisms.

Circular 199/11/2023-GST – The Clarifying Breakthrough

Circular 199/11/2023-GST, issued on 17 July 2023, became a turning point in the long-standing confusion surrounding the allocation of input tax credit and identification of whether ISD or cross charge should apply in a particular scenario. Until the circular was issued, businesses and tax officials had differing interpretations on whether common expenses incurred at the head office should be distributed using the ISD mechanism or treated as an internal supply requiring cross charge. This resulted in inconsistent practices, contradictory departmental positions, and widespread litigation. The circular acknowledged this ambiguity directly and provided a structured interpretation to differentiate the two mechanisms.

The circular clarified that ISD and cross charge operate in fundamentally different spheres. ISD is meant exclusively for distributing credit of input services received from third-party vendors, such as statutory audit fees, advertisement expenses, insurance, professional services or IT subscriptions. The circular explains that ISD does not create a supply; it merely transfers input tax credit relating to such third-party services to the branches where the service is consumed. On the other hand, cross charge applies only when the head office itself performs internal services, such as managerial oversight, HR, finance, IT support, or administrative functions, that benefit another state registration. These internal services are treated as a taxable supply between distinct persons under Schedule I of the CGST Act. Circular 199 ensures that both mechanisms exist for different purposes and should not be used interchangeably.

One of the most practical and business-friendly clarifications provided by Circular 199 concerns the valuation of internally generated services under cross charge. Valuation has historically been contentious because there is no external price for internal support services. The circular endorses the relaxation under Rule 28 of the CGST Rules, stating that where the recipient branch is eligible for full input tax credit, the value declared in the cross-charge invoice will be deemed to be the open market value. This means that the head office may determine any reasonable value, and the tax authorities are not allowed to challenge valuation if the recipient branch is entitled to full credit. The circular goes a step further by permitting a nil value to be adopted as the value of internal services when no invoice is raised, again only in cases where the recipient has full input tax credit. This relaxation was critical because it confirmed that GST valuation should not create cash flow issues when there is full credit availability.

The circular also addressed the industry's concern over whether employee salary cost must be mandatorily included in valuation while cross charging internal services. It was clarified that salary cost inclusion is not mandatory when the recipient branch is not eligible for full input tax credit. This was important for sectors with exempt operations or restricted credit eligibility, such as healthcare, education or insurance, where forced salary inclusion could create tax costs instead of being credit-neutral. The circular therefore struck a balance between legal correctness and commercial practicality.

Another subtle but critical clarification in Circular 199 was that companies were, at the time, free to choose either ISD or cross charge for distributing credits relating to third-party services, provided there was no double distribution of credit. This flexibility still kept the choice open for businesses and allowed them to continue with their existing models until legislative amendments mandated otherwise. However, this flexibility has now been removed through the Finance Act, 2024, which makes ISD compulsory from 1 April 2025.

Thus, Circular 199 served as a bridge between judicial interpretation (Columbia Asia and Northern Operating Systems) and the eventual legislative mandate introduced through the 2024 amendments. It resolved immediate confusion, reduced litigation, and clearly demarcated the functioning of ISD and cross charge prior to the mandatory ISD regime. In many ways, the circular laid the conceptual foundation on which the Finance Act, 2024 later built the final framework, ensuring uniformity across industries.

Following the 2024 amendments and the clarifications issued earlier through Circular 199, the distinction between ISD and cross charge has finally been settled from a practical compliance standpoint. In simple terms, once the head office receives an input service invoice from a third-party vendor that relates to more than one state registration, the credit must now be distributed through the ISD mechanism from 1 April 2025. Cross charge is no longer permitted for routing the credit of vendor-supplied services. Cross charge will remain applicable only when the head office itself generates internal services such as

HR, finance, legal, IT support, facilities, or other managerial functions that are consumed by other GST registrations of the same entity. These activities are treated as a deemed supply between distinct persons under GST. Circular 199 simplifies valuation where the branch receiving the service is eligible for full input tax credit: the value declared on the invoice is accepted as open market value, and if no invoice is raised, a nil value can even be deemed. Where the recipient is not eligible for full credit, salary cost is not mandatorily required to be included, but whatever valuation approach is used must be reasonable and consistently documented.

The big shift Finance Act, 2024 and the ISD mandate from 1 April 2025.

A significant shift in the treatment of ISD and cross charge occurred with the Finance Act, 2024. Until this amendment, the GST law allowed flexibility in handling the distribution of input tax credit on third party services. Businesses could either distribute input tax credit through the ISD mechanism or recover the cost through a cross charge invoice. Circular 199 issued earlier had even acknowledged this optionality and allowed either route for third party services. However, this flexibility also resulted in wide variations in industry practices. Some organisations relied solely on the ISD mechanism, while others preferred cross charge even for vendor-provided services. Due to this inconsistency, departmental audits frequently challenged whichever mechanism the taxpayer chose, leading to avoidable disputes.

To settle the matter conclusively, the Finance Act, 2024 amended Section 2(61) of the CGST Act, which defines an Input Service Distributor. The amended definition now states that an ISD is an office “liable to distribute” input tax credit. This change in language from an optional to a mandatory obligation makes it clear that wherever the head office receives invoices for services on behalf of multiple branch registrations, it must distribute the corresponding input tax credit through ISD. In parallel, Section 20 was also amended to state that the ISD “shall distribute” input tax credit, replacing the earlier permissive wording “may distribute”. The combined effect of these amendments is that ISD is no longer a choice; it is a statutory requirement whenever the input tax credit pertains to third party services benefiting multiple state registrations.

Another important development introduced by the amendment is that ISD has now been formally extended to include the distribution of input tax credit relating to reverse charge transactions. Earlier, businesses faced a practical difficulty when the head office paid reverse charge on services that were actually consumed by branches. Since the reverse charge credit was sitting in the head office registration, the only option available was to cross charge that credit. The amended provisions now allow such credit to be distributed through ISD, eliminating the workaround approach companies were forced to follow. Although the amended provisions permit the distribution of credit relating to reverse charge transactions, the functionality to discharge liability of reverse charge transactions through ISD is still not operational on the GST portal.

These changes were notified through Notification No. 16/2024 – Central Tax dated 6 August 2024, and the revised ISD framework becomes effective from 1 April 2025. The implication is clear: from financial year 2025-26 onwards, every organisation with multiple GST registrations must route the input tax credit of all third party input services received at the head office through ISD. Only internally generated services, such as HR support, finance, IT maintenance, legal or managerial oversight provided by the head office to branches, will be handled through cross charge. The cross charge mechanism will therefore remain relevant, not for credit distribution, but for recognising taxable supplies of internal services between distinct persons. Meanwhile, ISD will become the exclusive mechanism for credit routing of vendor-provided services.

In practice, businesses must now establish a robust internal valuation model for cross charge. Since there is no external market for internal services such as “one hour of HR support,” organisations should prepare a service catalogue and allocate internal costs using consumption-based keys for example, HR costs based on employee headcount, IT based on user access or ticket volume, finance based on transaction counts, or branch-wise area occupied for facilities. The value calculated should include only costs relevant to that internal service function and must be supported with working papers. A key compliance safeguard is ensuring that the same cost is not distributed twice once via ISD and again via cross charge. This requires tight ERP controls and regular reconciliations.

From April 2025 onward, whenever the head office receives invoices for common input services on behalf of branches, it must obtain or validate ISD registration,

capture invoices in the ISD ledger, reconcile GSTR-6A with book records, identify eligible branches, distribute the credit on an appropriate basis, and issue an ISD invoice through GSTR-6. For cross charge, the head office must continue issuing tax invoices to the consuming branches, apply the correct tax type (IGST for interstate or CGST/SGST for intrastate), reflect the allocation basis used, and ensure that e-invoicing requirements are met where applicable. Organisations must also align their ERP systems and prepare internal SOPs so that the finance and tax teams understand when to apply ISD and when to apply cross charge.

Collectively, judicial precedents and legislative amendments form a consistent framework: the Columbia Asia ruling confirmed that internal employee efforts benefiting other registrations constitute a taxable supply; the Supreme Court's Northern Operating Systems judgment reinforced a “substance over form” approach for employee-related services; Circular 199 provided valuation relaxations for ITC-eligible recipients; and finally, the Finance Act 2024 closed the loop by making ISD mandatory for third-party input services. For management and tax leadership, this means that from 1 April 2025, ISD becomes the exclusive route for distributing input tax credit related to third-party services, while cross charge remains the mechanism for recognizing internal shared-service transactions. The most compliant and defensible position now is to adopt both mechanisms appropriately, maintain clear documentation, avoid dual allocation of the same expense, and ensure that the company's GST narrative and valuation logic remain aligned and auditable.

Contributed by CA. Samarpit Sharma

GST Compliance Schedule

Compliances for the month of November, 2025

Forms	Compliance Particulars	Due Dates
GSTR 7	Return to be furnished by the registered persons who are required to deduct tax at source.	10.12.2025
GSTR 8	Return to be furnished by the registered electronic commerce operators who are required to collect tax at source on the net value of taxable supplies made through it.	10.12.2025
GSTR 1	Statement of outward supplies by the taxpayers having an aggregate turnover of more than ₹ 5 crore or the taxpayers who have opted for monthly return filing.	11.12.2025
IFF	Statement of outward supplies by the taxpayers having an aggregate turnover up to ₹ 5 crore and who have opted for the QRMP scheme.	13.12.2025
GSTR 1A	Amendment of outward supplies of goods or services for the current tax period	
GSTR 5	Return to be furnished by the non-resident taxable persons containing details of outward supplies and inward supplies.	13.12.2025
GSTR 6	Return to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution.	13.12.2025
GSTR 3B	Return to be furnished by all the taxpayers other than who have opted for QRMP scheme comprising consolidated summary of outward and inward supplies.	20.12.2025
GSTR 5A	Return to be furnished by Online Information and Data base Access or Retrieval (OIDAR) services provider for providing services from a place outside India to non-taxable online recipient (as defined in Integrated Goods and Services Tax Act, 2017) and to registered persons in India and details of supplies of online money gaming by a person outside India to a person in India.	20.12.2025
PMT-06	Payment of GST for a taxpayer with aggregate turnover up to ₹ 5 crores during the previous year and who has opted for quarterly filing of return under QRMP scheme.	25.12.2025

GST on GTS (Goods Transport Services) – New Roads & Routes

Transportation service industry has remained one of the tricky services in terms of taxability and exemptions. Often wedged by changes in GST tax rates, Input Tax Credit eligibility and restrictions surrounding the same. The recent 22nd September 2025 GST 2.0 had its share of impact on Transport industry, this article aims to identify the changes and effect of the same.

Excerpts from *Notification 11/2017 CGST (Rate)* as amended up to 22nd September 2025

HSN 9965 – Goods Transport Services

RAIL Transport

There are 2 entries specific to rail related transport and their taxability as on 22nd September 2025 is as below;

Nature of Service	Rate of Tax	Conditions	GST 2.0
(i) Transport of goods by rail (other than services specified at item no. (iv))	5%	Provided that credit of input tax charged in respect of goods in supplying the service is not utilised for paying central tax or integrated tax on the supply of the service	No Change
(iv) Transport of goods in containers by rail by any person other than Indian Railways.	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken Please refer to Explanation no. (iv)	New Option
	18%	-	Rate increased from 12%

Analysis & Impact of Amendment:

A new option has been introduced for Service providers (other than Indian Railways) in Transport of goods in containers by rail. This option is to pay GST at the rate of 5% with a complete restriction on Input Tax Credit.

On the other hand the erstwhile 12% GST rate on similar service with full Input Tax Credit has been increased to 18% GST. This increase in rate will certainly have an impact on service recipients in terms of additional cash outflow of 6%.

VESSEL Transport

Nature of Service	Rate of Tax	Conditions	GST 2.0
(ii) Transport of goods in a vessel	5%	Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) used in supplying the service has not been taken Please refer to Explanation no. (iv)	No Change

It has been left outside the purview of changes in GST 2.0 and consequently, the status quo continues.

ROAD Transport

Definition of Goods Transport Agency:

(xxxx)'goods transport agency' means any person who provides service in relation to transport of goods by road and issues a consignment note by whatever name called, but does not include

- (i) electronic commerce operator by whom services of local delivery are provided;
- (ii) electronic commerce operator through whom services of local delivery are provided

Nature of Service	Rate of Tax	Conditions	GST 2.0
(iii) Services of Goods Transport Agency (GTA) in relation to transportation of goods (including used house hold goods for personal use) supplied by a GTA where,-			
(a) GTA does not exercise the option to itself pay GST on the services supplied by it;	5%	The credit of input tax charged on goods and services used in supplying the service has not been taken. Please refer to Explanation no. (iv)	No Change
(b) GTA exercises the option to itself pay GST on services supplied by it.	5%	In respect of supplies on which GTA pays tax at the rate of 2.5%, GTA shall not take credit of input tax charged on goods and services used in supplying the service. Please refer to Explanation no. (iv)	No Change
	18%		Rate increased from 12%

Analysis & Impact of Amendment:

A major change has been ushered in by this GST 2.0 by way of amendment to the definition of Goods Transport Agency. A definition which has been in place from 10th September 2004 under the erstwhile Service Tax regime has undergone a change.

In the definition of Goods Transport Agency, exclusions have been brought about for local delivery services whether it is provided by the E-Commerce Operator on its own account or even when it is provided through the E-Commerce Operator, where the E-Commerce Operator only acts as an aggregator between the service supplier and the recipient.

The intention behind the above exclusion is to make such 'Local Delivery' taxable separately at the rate of 18% irrespective of it being provided by the E-Commerce Operator or through the E-Commerce Operator.

For the Goods Transport Agents, who had opted for forward with Input Tax Credit by charging 12% GST rate have a significant impact as this has been increased to 18% GST. This increase in rate will certainly have an impact on service recipients in terms of additional cash outflow of 6%. If for the recipients, such GST is eligible for ITC, it shall cushion the blow of additional working capital requirement.

PIPELINE Transport

Nature of Service	Rate of Tax	Conditions	GST 2.0
(v) Transportation of natural gas, petroleum crude, motor spirit (commonly known as petrol), high speed diesel or aviation turbine fuel through pipeline	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken Please refer to Explanation no. (iv)	No Change
	18%		Rate increased from 12%

Analysis & Impact of Amendment:

The increased GST rate from 12% to 18% for the Input Tax Credit availing supplier, is the major impact from working capital and cost perspective. This is because the goods transported are not covered within the purview of GST and consequently any increase in the transport related GST of such goods will only increase the overall cost of the transported goods.

MULTIMODAL Transport

Nature of Service	Rate of Tax	Conditions	GST 2.0
(vi) Multimodal transportation of goods where at least two different modes of transport are used by a multimodal transporter from the place of acceptance of goods to the place of delivery of goods, Provided also that nothing contained in this item shall apply to supply of a service other than by way of transport of goods from a place in India to another place in India.			

a. Transportation of goods by any mode of transport other than air is involved	5%	Provided that the credit of input tax charged on goods and services used in supplying the service, other than input tax credit of input services of transportation of goods (i.e. services of transport of goods procured from other service provider), has not been taken. Provided further that where the supplier of input service of transportation of goods to a multimodal transporter charges central tax at a rate higher than 2.5%, credit of input tax charged on such input services of goods transportation in excess of the tax paid or payable at the rate of 2.5%, shall not be taken.	New Insertion
b. At least one mode of transport is by air	18%		New Insertion

Analysis & Impact of Amendment:

The majority impacted transport service on account of this GST 2.0 from 22nd September 2025 is the multimodal transporters transporting goods only within India. They were taxable at 12% GST with full Input Tax Credit before GST 2.0. This has undergone a complete overhaul by insertion of two specific entries and tax rates for such multimodal transactions.

The first one being the multimodal transport transactions, where 'Air' transport is not present in any one of the legs of the transport of that shipment. This attracts GST at the rate of 5% with specific restrictions on eligibility of Input Tax Credit from all goods and services except goods transportation service. Even for the input service in the nature of goods transportation service, the Input Tax Credit is restricted to the extent of 5% only, though the supplier might have charged 18%.

The second one being the multimodal transport transaction have 'Air' transport in any one of the legs of the transport of that shipment. This service attracts GST at the rate of 18% with full Input Tax Credit without any restrictions.

This amendment brings a major Input Tax Credit restriction to multimodal transporters both from a transactional level as well as the overall common Input Tax Credit levels.

Other Transport

Nature of Service	Rate of Tax	Conditions	GST 2.0
(via) Transport of goods by ropeways.	5%	The credit of input tax charged on goods used in supplying the service has not been taken. Please refer to Explanation no. (iv)	No Change
(vii) Goods transport services other than (i), (ii), (iii), (iv), (v), (vi) and (via) above.	18%		No Change

For other transporters like ropeways and any other transport service not specifically covered, there is no change in the taxability on account of the amendments brought about by the 56th GST council meeting.

Contributed by CA. Shankara Narayanan V



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GST UPDATES

I. Assignment of Proper Officers under Sections 74A, 75(2) and 122 of the CGST Act

Earlier Circulars (Nos. 1/1/2017, 3/3/2017, and 31/05/2018) had assigned proper officers for various GST provisions. However, no officer had been designated for sections 74A, 75(2), and 122 of the CGST Act and Rule 142(1A) of the CGST Rules.

Additional/Joint Commissioner, Deputy/Assistant Commissioner, and Superintendent of Central Tax have been assigned as proper officers for:

- Section 74A (sub-sections 1–3, 6–10)
- Section 122
- Rule 142(1A)

a. Monetary Limits for Adjudication under Section 74A: -

Officer of Central Tax	Central Tax Limit	IGST Limit	Combined Limit (CGST + IGST)
Superintendent	≤ ₹10 lakh	≤ ₹20 lakh	≤ ₹20 lakh
Deputy/Assistant Commissioner	₹10 lakh – ₹1 crore	₹20 lakh – ₹2 crore	₹20 lakh – ₹2 crore
Additional/Joint Commissioner	> ₹1 crore	> ₹2 crore	> ₹2 crore

- It has been clarified that where a show cause notice issued under section (1) of the section 73 or section 74 or section 74A of CGST Act, 2017 involves demand of both Central Tax and Integrated Tax (including cess), the proper officer shall be determined on the basis of the combined amount of Central Tax and Integrated Tax (including cess).
- If a proper officer issues a notice within their monetary limit but the tax demanded in a later statement exceeds that limit, the statement must be handled by the higher-ranked officer as per Table-II. The earlier officer should issue a corrigendum making the previous notice and statement answerable to that higher authority.
- The proper officer shall be determined based solely on the amount of tax demanded, excluding penalties from the calculation.

b. Clarification related to Section 75(2): -

When an appellate authority/ appellate tribunal or court rules that fraud/suppression is not proved, the same adjudicating officer who issued the original SCN under section 74(1) will determine tax as per section 73(1).

c. Monetary Limits for Penalty Cases under Section 122: -

Officer of Central Tax	CGST Penalty Limit	IGST Penalty Limit	Combined Limit
Superintendent	≤ ₹10 lakh	≤ ₹20 lakh	≤ ₹20 lakh
Deputy/Assistant Commissioner	₹10 lakh – ₹1 crore	₹20 lakh – ₹2 crore	₹20 lakh – ₹2 crore
Additional/Joint Commissioner	> ₹1 crore	> ₹2 crore	> ₹2 crore

- It is also clarified that where a show cause notice is issued under section 122 of the CGST Act, 2017 and involves demand of penalty in relation to both Central Tax and Integrated Tax, the proper officer shall be determined on the basis of the combined amount of penalty in relation to both Central Tax and Integrated Tax.

(Circular No. 254/11/2025-GST dated 27.10.2025)

II. Amendment in CGST Rules, 2017

a. Insertion of Rule 9A – Grant of registration electronically; -

Notwithstanding anything stated in Rule 9, any person applying for registration under Rule 8, Rule 12 or Rule 17 shall, upon identification on the common portal based on data analysis and risk parameters, be granted registration electronically through the common portal within three working days from the date of application submission.

b. Amendment in Rule 10 – Issue of Registration Certificate; -

Rule 10 has been amended to give effect of insertion of new rules 9A and 14A.

c. Option for taxpayers having monthly output tax liability below threshold limit; -

As per the new rule, any person whose total output tax liability (including central tax and State tax or Union territory tax and integrated tax and compensation cess) on supply made to registered persons does not exceed ₹ 2,50,000 per month shall have an option to get registration electronically. If option availed, registration shall be granted within three working days from the date of submission of application upon successful authentication of Aadhar number. Any person, other than a person notified under sub-section (6D) of section 25, who has not opted for authentication of Aadhaar number, shall not be eligible for grant of registration in accordance with this rule. Notwithstanding anything contained in rule 11, a person registered under this rule in a State or Union territory shall not be eligible to obtain another registration in the same State or Union territory under this rule against the same Permanent Account Number.

Such application can also be withdrawn upon fulfilment or certain conditions.

d. Forms Amended

- FORM GST REG-01
- FORM GST REG-02

e. Forms Substituted

- FORM GST REG-03
- FORM GST REG-04
- FORM GST REG-05

f. New Forms Introduced

- FORM GST REG-32 - Application for Withdrawal
- FORM GST REG-33 - Order of withdrawal from option availed under sub-rule (1) of rule 14A

(Notification No. 18/2025- CT dated 31.10.2025)

GSTN ADVISORIES

I. Important Advisory on IMS

- 1. No Change in Auto-Population of ITC:** Input Tax Credit (ITC) will continue to auto-populate from GSTR2B to GSTR-3B without any manual intervention. The mechanism of auto-population remains unchanged due to the implementation of the Invoice Management System (IMS).
- 2. GSTR-2B Generation**
 - GSTR-2B will continue to be generated automatically on the 14th of every month, without any manual intervention by taxpayers or based on the actions taken by the taxpayers.
 - Taxpayers can take actions in IMS even after generation of GSTR-2B till filing of GSTR-3B and can regenerate GSTR-2B accordingly, if required.
- 3. Credit Note Handling (Effective October 2025 period onward)**
 - Recipient taxpayers will have the option to keep a Credit Note or related document pending for a specified period.
 - On acceptance of Credit Note or related document, the recipient will also have the flexibility to reduce ITC only to the extent of its availment by adjusting the reversal amount manually.

II. Advisory for GSTR 9/9C for FY 2024-25

GSTR-9/9C for FY 2024-25 has been enabled on the GST portal from 12th October 2025. Please ensure that all returns (GSTR 1 and GSTR 3B) for FY 2024-25 are filed to enable Tile of GSTR-9/9C. Further, detailed FAQ will be published shortly for assisting the taxpayer in filing GSTR-9/9C.

III. Introduction of “Pending” Option for Credit Notes and declaration of Reversal amount in IMS

A new facility in the Invoice Management System (IMS) has been recently introduced on the GST portal wherein the taxpayers are allowed to keep credit notes as “Pending” for one tax period. Further, the IMS functionality have also been enhanced providing a flexibility to the taxpayers to modify their ITC reversal on acceptance of such credit notes thereby resolving many business disputes. In this regard please go through some FAQs for a better understanding on the new facility.

IV. Advisory to file pending returns before expiry of three years

As per the Finance Act, 2023 (8 of 2023), dt. 31-03-2023, implemented w.e.f 01-10-2023 vide *Notification No. 28/2023 – Central Tax* dated 31st July, 2023, the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing the said return under Section 37 (Outward Supply), Section 39 (payment of liability), Section 44 (Annual Return) and Section 52 (Tax Collected at Source). These Sections cover GSTR-1, GSTR-1A, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 or 9C.

Hence, above mentioned returns will be barred for filing after the expiry of three years from the due date. The said restriction will be implemented on the GST portal from November 2025 Tax period which means any return whose due date was three years back or more and hasn't been filed till November Tax period will be barred from Filing. In this regard an advisory was already issued by GSTN on 29th October, 2024.

Illustration : For ease of reference and better clarity, the latest GST returns that will be barred from filing w.e.f 1st December 2025 are detailed in the table below:

GST Forms	Barred Period (w.e.f. 1 st December, 2025)
GSTR-1/IFF	October-2022
GSTR-1Q	July-Sep-2022
GSTR-3B/M	October-2022
GSTR-3BQ	July-Sep-2022
GSTR-4	FY 2021-22
GSTR-5	October-2022
GSTR-6	October-2022
GSTR-7	October-2022
GSTR-8	October-2022
GSTR-9/9C	FY 2020-21

Hence, the taxpayers are once again advised to reconcile their records and file their GST Returns as soon as possible if not filed till now.

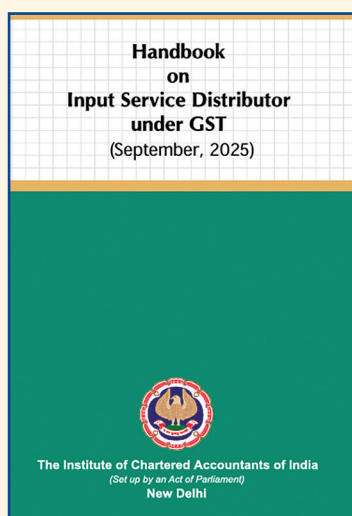
V. Advisory on Introduction of Import of Goods details in IMS

The Invoice Management System (IMS) was introduced on the GST portal from the October 2024 tax period. It enables recipient taxpayers to accept, reject, or keep pending their individual records uploaded by their suppliers through GSTR-1/1A/IFF. To further enhance the taxpayer convenience, a new section for "Import of Goods" has

been introduced in IMS wherein the Bill of Entry (BoE) filed by the taxpayer for import of goods including import from SEZ, will be made available in the IMS for taking allowed action on individual BoE. This functionality will be available from Oct-2025 period onwards.

It may be noted that, If no action is taken on an individual BoE, it will be treated as deemed accepted and based on the action taken, the GST Portal will generate the draft GSTR 2B for the recipient on 14th of subsequent month.

PUBLICATION



Handbook on Input Service Distributor under GST

The publication aims to provide a comprehensive and practical explanation of the provisions relating to Input Service Distributor (ISD), enriched with illustrations, clarifications, and recent amendments. It is designed to serve as a ready reference for members of the profession, industry participants, and other stakeholders navigating the complexities of GST. The law stated in this edition is updated up to 26th September, 2025.

The soft copies of the publications can be downloaded from the website of GST & Indirect Taxes Committee at <https://idtc.icai.org/publications.php>. The hard copy can be purchased via CDS Portal from the following link <https://cds.icai.org/#/>

Invitation to write articles on GST

Chartered Accountants and other experts, with academic passion and flair for writing are invited to share their expertise on GST through ICAI-GST Newsletter. The article may be on any topic related to GST Law. While submitting the articles, please keep the following aspects in mind:

- 1) Article should be of 2000-2500 words.
- 2) An executive summary of about 100 words may accompany the article.
- 3) It should be original and not published/should not have been sent for publishing anywhere else.
- 4) Copyright of the selected article shall vest with the ICAI.

Please send editable soft copy of the article at gst@icai.in.

JUDICIAL PRONOUNCEMENTS

1. High Court Quashes GST Demand Raised After Approval of Resolution Plan Under IBC [(Srei Equipment Finance Ltd.)- High Court of Bombay – Writ petition no. 2220 of 2025, dated 16.10.2025]

The petitioner underwent CIRP initiated in October 2021, and a resolution plan was approved on 11 August 2023. The GST department did not file or pursue any claims during CIRP but later issued a SCN (27-11-2024) and passed a demand order (25-02-2025) for GST dues pertaining to AY 2020-21, prompting the petitioner to challenge the action.

Relying on the Supreme Court rulings in *Ghanashyam Mishra* reported at (2021), the Court ruled that post-approval proceedings for prior-period dues are wholly without jurisdiction. The Court emphasized that statutory dues of the Centre, State, and local authorities also get extinguished if not included in the resolution plan. Since the GST authorities ignored the binding legal position, the demand order dated 25-02-2025 was quashed. The Court also held that availability of an alternate remedy is irrelevant when the action itself is without jurisdiction. The writ petition was allowed in favour of the assessee.

2. High Court Quashes GST Order for Denial of Mandatory Personal Hearing [(Jagjit Enterprises (P.) Ltd.) – High Court of Allahabad – Writ Tax No. 1159 of 2025, dated 17.10.2025]

The adjudicating authority passed an order under Section 73 of the GST Act without fixing any date for personal hearing. The assessee's appeal was later dismissed as time-barred. The petitioner challenged both orders, asserting that no opportunity of personal hearing was ever provided during adjudication—an assertion admitted by the State.

The Court held that providing an opportunity of personal hearing is mandatory under Section 75(4), as reiterated in *Mahaveer Trading Company* reported at (2024). Since no hearing date was fixed, the adjudication and appellate orders were unsustainable and were quashed. The matter was remanded to the assessing authority to pass a fresh order after granting proper opportunity of hearing.

3. IGST on Ocean Freight Held Unconstitutional; Interest on Refund Cannot Be Denied [(West India Continental Oils Fats (P.) Ltd.) – High Court of Bombay – Writ petition no. 3000 OF 2023, dated 17.10.2025]

The petitioner, an importer of palm oil, had paid IGST on ocean freight under reverse charge pursuant to Notifications 8/2017 and 10/2017. These notifications were later declared unconstitutional by the High

Court (following *Mohit Minerals*). Though IGST was refunded, the department rejected the petitioner's claim for interest of ₹ 71.31 lakh, citing Sections 54 and 56 (60-day refund period) and the alleged delay in applying within the earlier 8-week window.

The Court held that the ocean-freight levy was unconstitutional; therefore, the IGST collected lacked authority of law, attracting Article 265 and the doctrine of restitution. Refund provisions under Sections 54 and 56 apply only to tax legally collected, not to amounts collected without authority. Denial of interest was unjustified, and the quantified interest amount of ₹ 71.31 lakh was directed to be paid forthwith.

4. GST Orders Set Aside for Procedural Illegality in Issuing Common SCN [(Emmanuel Constructions (P.) Ltd.) – High Court of Karnataka – Writ petition no. 5827 OF 2025 (T-RES), dated 23.10.2025]

The GST department issued a single show cause notice (Form DRC-01) covering two different assessment periods—FY 2019-20 and FY 2020-21. Subsequently, two separate adjudication orders were passed by different officers based on that common notice. The petitioner challenged both the composite SCN and the resultant assessment orders as being contrary to law.

The Court held that issuing one common SCN for multiple assessment years and passing separate orders by different officers is impermissible. It therefore quashed the SCN and both assessment orders. Liberty was granted to the department to issue fresh notices, with limitation excluded for the intervening period, and the petitioner allowed to contest all issues except limitation.

5. High Court Remands GST Orders Due to Improper Service of SCNs and Denial of Hearing [(Shree Sai Vignesh Agency) – High Court of Delhi – W.P.(C) Nos. 16389 and 16397 of 2025, dated 29.10.2025]

The petitioner challenged GST adjudication orders and underlying SCNs for FY 2018–19 and 2019–20, arguing that the notices were never received because the business had closed, registration was cancelled, and the petitioner had shifted addresses. Although new contact details were provided, the department uploaded the notices only on the old GST portal, resulting in no reply being filed. The petitioner also raised a constitutional challenge to *Notification Nos. 09/2023 and 56/2023*.

The Court held that the petitioner did not receive a proper opportunity of hearing since the SCNs were not effectively served and no reply was filed. Given the denial of natural justice, the adjudication orders were set aside and the matters remanded for fresh

adjudication. The validity challenge to the notifications was left open, with fresh orders to abide by the Supreme Court's pending decision on similar issues.

6. Blocking of ECL beyond available ITC held Ultra Vires under Rule 86(A) [(Hindustan Steel)– High Court of Bombay – Writ petition (L) No. 28684 of 2025, dated 16.10.2025]

The Petitioner's Electronic Credit Ledger (ECL) was blocked on 15 July 2025 under Rule 86A of the CGST Rules, to the extent of ₹ 95.74 lakh, on grounds of alleged fraudulent availment of Input Tax Credit (ITC). On the date of blocking, however, the Petitioner had only ₹ 600 ITC balance in its ledger. The Petitioner challenged the order as ultra vires, contending that the rule does not permit blocking of credit that is not existing in the ledger on the date of the blocking order.

The Department argued that the intent of Rule 86A is to protect revenue and prevent fraudulent utilization of credit, irrespective of the credit balance on that date.

The court relied on its earlier decision in *Rawman Metal & Alloys v. Deputy Commissioner of State Tax, Thane* (W.P. (L) No. 10928 of 2025), and similar judgments of other high courts, and reiterated that:

- ✓ Rule 86A can be invoked only to the extent of ITC available in ECL on the date of the blocking order.
- ✓ Blocking ITC beyond the available balance is ultra vires and invalid.

Accordingly, the Court quashed the blocking order and directed restoration of the blocked credit within four weeks. The Court also observed that while restoration must occur, the Department remains free to pursue other lawful recovery mechanisms if dues are established later.

7. GST ITC permissible on External Power Infrastructure linked to factory operations [(Alleima India Pvt. Ltd.) – Authority for Advance Ruling of Gujarat – Advance Ruling No. GUJ/GAAR/R/2025/44, dated 16.10.2025]

The petitioner, engaged in manufacturing activities, expanded its production facility and required a new high-tension power connection from the GETCO substation to its factory. To establish this connection, it laid 2.78 km underground power cables at its own cost, through an approved GETCO vendor, under GETCO's supervision. The applicant capitalized the total project cost (₹5.73 cr. excl GST) as capital asset in its books.

- ❖ Key Question: Whether ITC is admissible on procurement of capital goods and related services—such as cables, electrical equipment, supervision, and installation—used for transmission of electricity from GETCO's substation to the factory premises, even though installed outside the factory.

The AAR examined Sections 16 and 17(5) of the CGST Act and the Explanation defining “plant and

machinery.” The cables, wires, and related equipment were found to be movable in nature, as they can be dismantled, relocated, and reused without losing their functional identity. Therefore, the installation did not constitute an immovable property. CBIC Circular No. 219/13/2024-GST (26.06.2024) – Clarified that ducts and manholes used in telecommunication networks qualify as “plant and machinery” and are eligible for ITC.

The applicant had capitalized the project as its asset and undertaken to reverse ITC if later transferred, as per Section 18(6).

8. SCN Served on Old Email held Invalid – Court declares GST Notice Time-barred [(Octantis Services (P.) Ltd.) – High Court of Bombay – Writ petition No. 6043 of 2015, dated 07.10.2025]

The petitioner had updated its authorized email on the GST portal on 15 February 2022. Post-change, the GST Department sent all communications—such as audit intimations, audit observations, and pre-SCN consultations—to the new email ID. However, the Show Cause Notice (SCN) dated 30 October 2024 (for FY 2020-21) was emailed on 27 November 2024 to the old address, and reached the new authorized email only on 18 February 2025. Since Section 73(2) read with 73(10) required the SCN to be served by 27 November 2024, the petitioner contended that the notice was time-barred and hence invalid.

The Court noted that Exhibit-S and departmental communications clearly showed that GST Dept was aware of updated email ID since Feb 22. Service of the SCN on the old email was not valid service under Section 169 of the CGST Act. The notice reached the authorized email after the limitation period, making the SCN prima facie time-barred for FY 2020-21. The Department failed to consider the petitioner's argument on limitation and did not discuss the binding precedent of *Vodafone Idea Ltd. v. Union of India* (2022). The Court, therefore, granted ad-interim stay on the demand order, holding that the petitioner had a strong prima facie case.

9. ITC cannot be Denied when Seller's Registration is Cancelled after Transaction [(Shanti Kiran India (P.) Ltd.) – Supreme Court of India – Civil Appeal Nos. 2042 – 2047 of 2015, dated 09.10.2025]

The assessee, a registered purchasing dealer, had purchased goods from registered selling dealers under valid tax invoices and had paid VAT accordingly. Subsequently, the seller's registrations were cancelled, and they failed to deposit the collected tax with the Government. The Department denied the purchaser's Input Tax Credit (ITC) under Section 9(1) of the DVAT Act, 2004 arguing that since the seller did not deposit tax, ITC should not be allowed.

The Delhi High Court ruled in favor of the assessee,

holding that ITC cannot be denied when the seller's registration was valid at the time of transaction and the purchaser acted bona fide.

The Supreme Court observed that on the date of the transactions, the selling dealers were registered with the Department. The invoices and transactions were genuine, and there was no evidence of collusion or fraud by the purchasing dealer. The Court reiterated that:

- ✓ ITC cannot be denied to a bona fide purchaser merely because the seller defaulted in tax payment.
- ✓ The Department's remedy lies against the defaulting seller, not the purchasing dealer.

The Court upheld the High Court's order granting ITC benefit after due verification.

10. No ITC on Electricity used in Employee Township; Rule 43 Amendment applies Prospectively [(Bharat Aluminum Company Ltd.) – High Court of Chhattisgarh - WA Nos. 714,724,736,737,739 of 2025, dated 14.10.2025]

The petitioner had two captive power plants (540 MW and 1200 MW) generating electricity from imported coal on which Compensation Cess was paid. The electricity was used for:

1. Manufacturing activities within factory
2. Sold to State Electricity Boards
3. Supplied to residential township for employees

Authorities denied refund of ITC of Compensation Cess proportionate to electricity supplied to the township, treating it as non-business use. Petitioner also sought to exclude sale of Duty Credit Scrips (DCS) from exempt supplies retrospectively based on amendment to Rule 43 Explanation 1(d) by N.No. 14/2022 dt 05.07.2022.

Electricity used for the residential township was not used for manufacturing or captive consumption and was a welfare-related activity, not integrally connected with the business. Hence, ITC of Compensation Cess attributable to such electricity was not eligible. The amendment to Explanation 1(d) of Rule 43 is prospective from 05.07.2022. ITC being a concessionary benefit cannot be claimed retrospectively based on later amendments.

The High Court found no error in the reasoning of the Single Judge and upheld the decision in favour of Revenue.

11. GST Demand cannot Exceed amount specified in Show Cause Notice [(R.T.S. Electricals and Civil India (P.) Ltd.) – High Court of Allahabad – Writ Tax No. 1031 of 2025, dated 06.10.2025]

The petitioner was issued SCN u/s 74 of the CGST/UPGST Act for the period FY 2018 - 19. The SCN proposed recovery of ₹2.10 crore towards tax, interest,

and penalty. However, the adjudicating authority passed a demand order for ₹3.04 crore, exceeding the amount proposed in the SCN for the same components. The petitioner challenged the order, contending that such a demand beyond the SCN violates Section 75(7) of the GST Act, which restricts adjudication to the amount and grounds stated in the notice.

The Court examined Section 75(7) of the CGST Act, which explicitly provides that: "The amount of tax, interest and penalty demanded in the order shall not be in excess of the amount specified in the notice, and no demand shall be confirmed on grounds other than those specified in the notice. The Court observed that the final order demand was more than that of SCN, a clear violation of the statutory bar under Section 75(7). The argument made by the State was rejected, as the law expressly prohibits exceeding the quantified amount proposed in the notice.

12. Classification of Composite Supply depends on the Principal Supply [(Stark Photo Book) – High court of Kerala – WP (C) No. 16785 of 2024, dated 07.10.2025]

The petitioners were partnership firms engaged in printing photographs, photo books, and similar items using customer-supplied digital content (via CD, pen drive, etc.). They provided paper and ink on their own and delivered the printed output. Petitioners classified their supply under HSN 4911 (printed matter) and paid 12% GST.

The tax authorities contended that the activity was a service, not supply of goods, and should fall under SAC 998386 (photographic and videographic processing services) attracting 18% GST.

The Court held that the activity involves both goods and services, forming a composite supply under Section 2(30) of the CGST Act. Since the content belongs to the customer, the principal supply is printing service, and the paper and ink are merely ancillary. No transfer of title in goods occurs - hence, the predominant element is service, not goods. The activity falls under SAC 998386, which covers printing of pictures from digital media, taxable at 18%.

Contributed by CA. Ashit Shah



QUIZ

- Reliance private limited has Registered head office located in Bangalore (Karnataka). However, the branch of Reliance private limited is located in state of Gujarat, Both Bangalore office & branch in Gujarat will be treated as ----- under GST Act?
 - Deemed distinct person
 - Principal and Agent
 - Both (a) or (b) above
 - None of the above
- Mr. Ram & Sons had taken GST registration on 1st January but failed to furnish GST returns for the next 6 months. Owing to this, the proper officer cancelled its registration on 25th July and served the order for cancellation of registration on 31st July. Now, Ram & Sons wants to revoke the cancellation of registration. Ram & Sons can file an application for revocation of cancellation of registration on or before.
 - 29th October
 - 30th August
 - 30th November
 - 30th October
- A person opting for QRMP scheme can use any of the following methods, for monthly payment of tax during the first 2 months: -
 - Fixed sum method
 - Average sum method
 - Self-assessment method
 - Either a or c
- Which of the following is NOT a mandatory condition for a GST practitioner?
 - Must be a citizen of India,
 - Must be of sound mind,
 - Must hold a degree in law,
 - Must not be adjudicated as an insolvent.
- Which class of person is required to file monthly details of outward supplies of goods or services or both in Form GSTR-1?
 - Non-resident taxable person
 - Person required to deduct tax at source
 - Person who has opted to pay tax under composition scheme
 - None of the above
- Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act?
 - Services supplied by arbitral tribunal to business entity located in Ladakh.
 - Sponsorship services provided to a partnership firm located in Jammu & Kashmir.
 - Sponsorship services provided to a body corporate located in Kerala.
 - Service of renting of motor vehicle for passengers provided to a recipient other than body corporate.
- As per the GST Law, which category of registered persons is exempted from filing the annual return under section 44(1) of the CGST Act, 2017, for the financial year 2024-25 and onwards?
 - Registered persons with aggregate turnover up to ₹1 crore.
 - Registered persons with aggregate turnover up to ₹2 crore.
 - Registered persons with aggregate turnover exceeding ₹2 crore.
 - All registered persons, irrespective of turnover.
- Which of the following deductions are allowed from the transaction value?
 - Discounts offered to customers, subject to conditions
 - Packing Charges, subject to conditions
 - Amount paid by customer on behalf of the supplier, subject to conditions
 - Freight charges incurred by the supplier for CIF terms of supply, subject to conditions
- Under which circumstance is an E-commerce operator mandatorily required to register for GST, regardless of turnover?
 - When their aggregate turnover exceeds ₹20 lakhs,
 - When they are required to collect Tax at Source (TCS) under Sec 52,
 - Only if they sell goods (not services),
 - Only if they are located in a Special Economic Zone.
- On supply of which of the following items, GST shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council:
 - Petroleum Crude
 - Alcoholic liquor for human consumption
 - Both (A) and (B)
 - None of the above

The names of first five members who were the top scorers in the last Quiz are as under:

Name	Membership No.
CA. Rajesh Kumar Khandelwal	507988
CA. Ritesh P Rangani	154253
CA. Tapas Ruparelia	140344
CA. Kishore Reddy	251852
CA. Akash Tyagi	550061

Please provide reply of the above MCQs in the link given below. Top five scorers will be awarded hard copy of the publication 'GST Act(s) and Rule(s)- Bare Law' & their names will be published in the next edition of the Newsletter. Link to reply: - <https://forms.gle/fqN986FCHDNYbfYY7>



GST & INDIRECT TAXES COMMITTEE

A ONE STOP SOLUTION FOR GST AND OTHER INDIRECT TAXES

www.idtc.icai.org



The website of GST & Indirect Taxes Committee viz. idtc.icai.org provides the users a well-set platform for sharing and gaining knowledge on GST and easy accessibility to the Committee.

- ✓ Publication on GST & other Indirect Taxes (Available for free download and online ordering)
- ✓ Regular GST Updates
- ✓ Previous Issues of ICAI-GST Newsletter
- ✓ Knowledge resources on GST such as Articles, Legal Updates etc.
- ✓ Details of Certificate Courses, Programmes, Seminars etc. on GST & other Indirect Taxes
- ✓ Upcoming Events



GST Acts



GST Rules



Notifications including the amended notifications



Circulars/ Orders

GST STATUTES



Minutes of GST Council meetings



GSTN Advisories



GST Press releases



Other useful links



Instructions/ Guidelines

Your suggestions on the website are welcome at gst@icai.in

GST and Indirect Taxes Committee
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ICAI Bhawan, A-29, Sector-62, Noida, U.P.
Telephone Board: +91-120-3045900 Ext. 954
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