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Newsletter from The Institute of Chartered Accountants of India on GST

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President's Communication



Dear Professional Colleagues,

Greetings!

It gives me immense pleasure to extend my warm greetings to all dedicated professionals, taxpayers, and stakeholders of the Goods and Services Tax (GST) ecosystem.

The steady performance of GST continues to reflect the resilience and maturity of the indirect tax framework. GST collections for November 2025 stood at ₹1,70,276 crore, registering a year-on-year increase of 0.7% over ₹1,69,016 crore in November 2024. While the growth is modest, it is important to note that revenue levels have remained stable despite significant GST rate rationalisation, including the migration of several goods from the 12% tax slab to the 5% slab. This indicates that rate rationalisation has not adversely affected overall revenue mobilisation, while also supporting affordability and demand.

Members of the Institute have played a key role in effective implementation of the GST regime. Their professional competence, integrity, and commitment have been instrumental in strengthening compliance and enhancing trust in the tax system. I am confident that they will continue to contribute meaningfully to the evolution and success of GST in the years ahead.

The Institute of Chartered Accountants of India (ICAI) with its Nation First approach remains committed to supporting the Government's capacity-building initiatives in indirect taxation. Through its GST and Indirect Taxes Committee, ICAI contributes to the training and upskilling of officers of the Central and State Tax administrations, reinforcing the collaborative partnership between the profession and the Government.

In furtherance of this commitment, ICAI, through its GST and Indirect Taxes Committee, entered into a Memorandum of Understanding (MoU) with the Taxes Organisation, Government of Tripura on 21st November 2025, to support capacity building of GST officers. Subsequently a Five-Day Training Programme for officers of the Taxes and Excise Department was organised at Agartala, Tripura, from 24th to 28th November 2025, with comprehensive faculty support provided by ICAI.

ICAI also actively supports the Government in GST policy formulation, implementation, and knowledge dissemination. The Institute regularly reviews changes in indirect tax laws and provides practical, experience-based suggestions to further strengthen the GST framework. In this collaborative spirit, ICAI has submitted its suggestions on Form GSTR-9 and Form GSTR-9C for FY 2024–25, as notified vide Notification No. 13/2025 – Central Tax dated 17th September 2025, with a view to enhancing clarity, simplifying compliance, and addressing practical challenges faced by stakeholders.

The Committee continues to ensure that members are well equipped to navigate the complex and evolving regulatory environment. The monthly GST Newsletter serves an important platform for knowledge disseminating comprehensive, accurate, and timely updates on legislative amendments, clarifications, judicial developments, and emerging best practices in compliance.

I sincerely hope that this 60th edition of the GST Newsletter proves to be useful to members and other stakeholders. I encourage readers to continue updating their knowledge of GST law, as continuous learning remains the cornerstone of professional excellence and meaningful service to society.

CA. Charanjot Singh Nanda

President

The Institute of Chartered Accountants of India

PHOTOGRAPHS



CA. Rajendra Kumar P, Chairman, GST & IDTC, met Mr. Sanjay Agarwal, IRS, Chairman CBIC, and Mr. Shashank Priya, IRS, Member GST, CBIC, on 28.11.2025 and expressed his deep gratitude for their dedicated service to the Nation.



A batch of "Certificate course on GST" was organised by the GST & IDTC from 01.11.2025 to 30.11.2025 at Chennai.



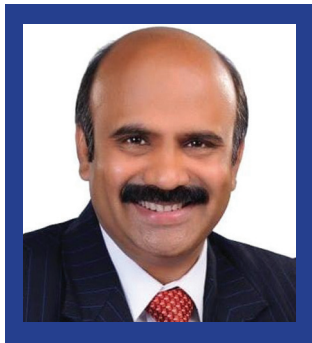
CA. Rajendra Kumar P, Chairman, GST & IDTC addressing participants of "6 Days Workshop on GST Dispute Mechanism (Strategies & Advocacy)" at Chennai on 07.11.2025.



"Training Programme on Financial Accountancy" for Inspectors, organised by GST & IDTC of ICAI from 03.11.2025 to 07.11.2025 at NACIN, Bengaluru on 06.11.2025.



Signing of MOU between Taxes Organisation, Government of Tripura and ICAI for capacity building, research and providing academic support to the Government of Tripura on 21.11.2025.



Esteemed Member,

Warm Greetings!

As we approach the close of the calendar year 2025, I wish to remind all stakeholders of the statutory requirement to file Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for FY 2024–25, wherever applicable. With the prescribed timelines fast approaching, timely compliance is essential not only to avoid penal consequences but also to ensure seamless tax administration. I encourage taxpayers to complete their annual reconciliations well in advance, as this enables early identification and rectification of discrepancies in the periodic returns already filed. In this context, it is important to note that 30th November 2025 is the last date for availing Input Tax Credit (ITC) pertaining to FY 2024–25.

Alongside annual compliance requirements, several recent developments on the GST portal merit attention. An optional simplified GST registration scheme, effective from 1st November 2025, has been introduced to facilitate automatic registration within three working days for low-risk applicants, thereby promoting ease of doing business. Further, pursuant to the Finance Act, 2023 and Notification No. 28/2023, the restriction on filing GST returns beyond three years from the original due date has now been fully implemented on the portal. In addition, expedited refund processing for MSMEs and exporters is being progressively rolled out to enhance liquidity and cash-flow efficiency. GSTN is also testing a new “credit note pending” functionality, allowing credit notes to remain in a pending status for one month prior to final submission, thereby reducing errors and strengthening cross-verification mechanisms.

In this backdrop of continuous regulatory and technological evolution, I am pleased to inform members that the updated GST Act(s) and Rule(s) – Bare Law (November 2025 Edition) has been released. The e-copy is available free of cost on the ICAI IDTC website, while physical copies may be procured through the CDS Portal. Further, as part of our sustained capacity-building efforts, the Committee has been organising a series of webinars on contemporary and practical GST issues, including a recent session titled “GSTR-9 and GSTR-9C – Walkthrough for CAs, the Nation Builders,” aimed at strengthening professional competence and practical understanding.

These initiatives reflect ICAI’s unwavering commitment to strengthening GST implementation through close collaboration with Government authorities, continuous knowledge dissemination, and by equipping professionals with the tools necessary for informed decision-making and effective compliance oversight. In continuation of these efforts, the GST and Indirect Taxes Committee of ICAI is in the process of organising the 4th National GST Symposium for officers of CGST, SGST and UTGST at Thiruvananthapuram, Kerala. This pioneering initiative seeks to bring together GST officers from the Centre, States and Union Territories on a common platform to foster synergy, facilitate the exchange of ideas, identify implementation challenges, and deliberate on practical and workable solutions.

As we look ahead, it is imperative to further deepen stakeholder engagement, strengthen institutional capacity, and leverage technology to enhance efficiency, transparency, and trust in the GST framework. ICAI remains steadfast in its resolve to support the nation’s tax administration through knowledge-sharing, policy support, and skill-development initiatives. Together, let us continue to contribute meaningfully towards a robust, responsive, and digitally empowered GST ecosystem, aligned with the vision of a self-reliant India.

I trust that this edition will provide useful insights and timely updates to our members. Suggestions and feedback may be shared at gst@icai.in

CA. Rajendra Kumar P

Chairman

GST & Indirect Taxes Committee

The Institute of Chartered Accountants of India

Auto-Approval of GST Registration under Rule 14A: A Detailed Analysis for Small Businesses

1. Executive Summary

The Central Board of Indirect Taxes and Customs (CBIC) has introduced a **new Rule 14A to provide automatic, Aadhaar-based GST registration for small, low-risk suppliers**. Under Notification No. 18/2025–Central Tax (31.10.2025), effective 01.11.2025, taxpayers whose **monthly B2B output tax liability does not exceed ₹2.5 lakh** (CGST, SGST/UTGST, IGST and Cess) can opt for a simplified registration route. Key features include:

- **3-day electronic approval** – Upon successful Aadhaar e-KYC (OTP/biometric) of the authorized signatory and one promoter, the GSTIN is granted automatically in three working days. Manual intervention is needed only if risk parameters trigger an alert.
- **Mandatory Aadhaar Authentication** – The primary signatory (and at least one promoter/partner) must complete Aadhaar-based KYC to establish digital trust. Persons exempt under Section 25(6D) or without Aadhaar cannot use this scheme.
- **Single-State Registration** – Only one Rule 14A registration is allowed per State/UT per PAN. If tax liability towards B2B supplies exceeds the ₹2.5 lakh threshold (CGST, SGST/UTGST, IGST and Cess), the taxpayer must withdraw via FORM REG-32, and the same GSTIN simply converts to a regular registration (no fresh GSTIN).
- **Lower Compliance Burden** – Designed for bona fide MSMEs, the scheme eliminates upfront physical verification and high documentation for eligible cases. Post-registration, taxpayers must still file returns and meet other normal obligations (e.g., bank detail furnishing), but the onboarding process is greatly expedited.
- **Data-driven Risk Checks** – GSTN's analytics engine (BIFA) assesses applications using PAN/Aadhaar data, bank details, etc., and flags suspicious profiles for further scrutiny. This maintains audit rigor while fast-tracking genuine small businesses.

Together, these measures improve ease of doing business for compliant MSMEs, broadening the tax base through voluntary participation, while preserving oversight through automated risk controls.

2. Introduction: GST 2.0 and the Need for Registration Reform

The advent of **GST 2.0** marks a paradigm shift towards a fully digital, analytics-driven indirect tax regime. One

persistent pain point has been the **delay and opacity in GST registration**. Traditionally, new applicants often waited almost a month for approval, pending manual verification of documents and physical inspections. Such delays disproportionately burden small businesses trying to begin operations. In response, the government has leveraged technology to overhaul the registration process. As part of the broader GST 2.0 reform agenda, **Rule 14A** has been inserted into the CGST Rules, effective 1 November 2025, to enable **auto-approval of low-risk registrations**. This change “simplifies compliance, accelerates registration approvals, and reduces manual intervention”.

In practice, Rule 14A allows an eligible small taxpayer to **self-select** for the simplified scheme. By mandating Aadhaar-based KYC and leveraging real-time data checks, the system builds trust in new registrants. Finance Ministry estimates suggest that over **96% of new applicants** will qualify as low-risk, meaning the vast majority of small businesses can immediately benefit from the three-day processing timeframe. In essence, the registration reform under Rule 14A is a response to the need for speed and transparency. It aligns with other e-governance initiatives (such as e-invoicing and e-return modalities) by putting digital verification at the forefront. The goal is to **turn GST registration into a “trust-based” process** – rewarding honest taxpayers with swift approval, while focusing enforcement on the few high-risk cases flagged by the system.

3. Understanding Rule 14A: The Simplified GST Registration Scheme

3.1 Eligibility Conditions

Rule 14A is optional and can be availed only if the applicant meets certain criteria. In particular:

- **Monthly Output Tax Threshold** – The combined output-tax liability (CGST+SGST/UTGST+IGST+CESS) on **supplies to registered persons (B2B)** must not exceed ₹2.5 lakh per month. This limit is to be self-assessed by the taxpayer based on expected sales.
- **Aadhaar-Based KYC** – The applicant must complete Aadhaar authentication for the Primary Authorized Signatory and at least one Promoter/Partner. If the person is exempted under **Section 25(6D)** of the CGST Act (the notified high-risk category), or if Aadhaar authentication is not completed, the option under Rule 14A is **not available**.
- **Single Registration per State** – A person (PAN) can

hold only one Rule 14A registration per State/UT. Thus, existing registrants or concurrent registrations in the same State are disallowed under this rule.

- **Normal Person** – Casual taxable persons, non-residents, TDS/TCS deductors (whose registration is governed by Rule 12) and certain others remain outside Rule 14A. Rule 14A specifically applies to persons applying under **Rule 8 (regular taxpayer registrations)**.

These eligibility conditions ensure that Rule 14A is targeted only at bona fide small businesses with predictable, low tax liabilities. The onus is on the taxpayer to opt-in when filing FORM GST REG-01 and declaring that these conditions are met.

3.2 Opt-In and Withdrawal Provisions

To opt in, the applicant must explicitly tick “Yes” for Rule 14A in Part-A of FORM GST REG-01 and complete Aadhaar OTP (or biometric) authentication. The portal generates an ARN (in FORM GST REG-02) immediately upon submission. After processing, the GSTIN is issued via FORM GST REG-06 within three working days (Rule 14A(4)), unless the application is held for clarification or rejection.

To withdraw from Rule 14A, the taxpayer files FORM GST REG-32 on the portal (Services > Registration > Withdrawal from 14A option). Withdrawal is mandatory if the monthly B2B tax liability exceeds ₹2.5 lakh or if the taxpayer no longer meets any eligibility criterion.

The law imposes pre-conditions for withdrawal application such as: -

- All returns due from the effective registration date up to the
 - If withdrawal application is filed **before 01.04.2026** → at least **3 months’ returns** must be filed.
 - If withdrawal application is filed on or **after 01.04.2026** → at least **1 tax period return** must be filed.
- No amendment or cancellation application for registration availed under rule 14A should be pending.
- No amendment or cancellation application for registration availed under rule 14A should be pending.

Upon satisfying the conditions and verification of all documents filed at the time of GST Registration, the proper officer issues FORM GST REG-33 allowing withdrawal (or REG-05 rejecting it). The approved order enables the taxpayer to report any excess output tax from the next month onwards.

Practical Note: All these steps are handled via the online portal with standard forms (REG-32, REG-33) introduced by Notification 18/2025. The withdrawal process itself is governed by Rule 8, Rule 9 and Rule 14A of CGST Rules,

ensuring uniformity with general registration rules.

4. Legal Framework: Interlinking of Sections and Rules under the CGST Law

Rule 14A of CGST Rules is deeply interwoven with existing provisions of the CGST Act and Rules. Key interlinkages include:

- **Section 25 and Rule 8:**
 - Section 25(1) mandates electronic registration for liable persons (under Sections 22/24) and empowers rules for the procedure.
 - Rule 8 prescribes the REG-01 application process.
 - Notification 18/2025 amends Rule 8 to incorporate Rule 14A, the acknowledgment under Rule 8(5) and notices (Rule 9, Rule 11) now explicitly cover applications under Rule 14A.
 - Further, Rule 8(4A) (Aadhaar/biometric authentication and offline verification) originally tied to Section 25(6A) applies here.
 - Rule 14A(2) explicitly excludes those “notified under sub-section (6D) of section 25” (the high-risk/Aadhaar-exempt category) from eligibility.
 - Thus, the Aadhaar-KYC requirements of Section 25 flow directly into Rule 14A’s eligibility criteria.
- **Rule 9A (Risk-based Grant):**
 - Alongside 14A, Notification 18/2025 dated 31.10.2025 (‘Notification’) inserted Rule 9A, mandating that any GST registration application filed in term of Rules 8, 12 or 17 should be granted electronically within 3 days if low-risk.
 - Notification further amends Rule 10(1) by adding “rule 9A and rule 14A” to the timeline provisions.
 - Rule 14A is now formally recognized in the time-limit framework of the registration rules.
- **Section 29 (Cancellation):**
 - Rule 14A expressly links to Section 29. Its proviso denies withdrawal if cancellation under Section 29 has been initiated.
 - Similarly, Section 29(2) of the Act prohibits conflicting proceedings aligning it with Rule 14A(5) that no withdrawal is allowed if cancellation is pending.
- **Rule 10A (Bank Details):**
 - Rule 10A of the CGST Rules requires new registrants to furnish bank account details within 30 days of registration (or before filing GSTR-1/IFF), under Section 16’s credit conditions.
 - The GSTN advisory reminds taxpayers to comply with Rule 10A or face suspension. Failure to

furnish bank details triggers suspension under Rule 21, which in turn blocks input tax credit by virtue of Section 16(3) (no ITC while registration is suspended).

- Hence, Section 16, Rule 10A and 14A are legally connected: while Section 25/Rule 8 focus on getting a GSTIN, Section 10A and Section 16 ensure that the GSTIN remains valid and creditable by enforcing post-registration KYC.

• Forms and Penalties:

- Notification 18/2025 amended the various REG forms (REG-01 to REG-05) to incorporate Rule 14A options, and introduced REG-32/REG-33.
- The penalty provisions are also interlinked. Furnishing false information during registration (including misrepresenting one's eligibility for Rule 14A) can attract penalties under Section 122(1)(x) of the CGST Act.

In summary, Rule 14A operates within the established framework of Sections 22–25 (liability and registration) and 29 (cancellation) of the CGST Act. It leverages existing Aadhaar/KYC mandates in Section 25 and interacts with rules on timelines and credit. The seamless integration ensures that the new simplified scheme complements – rather than replaces – the broader GST registration regime.

5. GSTN Advisories on Rule 14A and Related Compliance Requirements

5.1 Advisory on Simplified Registration (1 November 2025)

On 1 Nov 2025, GSTN issued an official advisory to notify taxpayers of the Rule 14A scheme. The key points are:

- Taxpayers applying via **REG-01** must select “**Yes**” under the option for Rule 14A. They then complete Aadhaar e-authentication (OTP or biometric) for the primary signatory and one promoter.
- Once Aadhaar authentication succeeds, the portal will grant registration **within 3 working days**. The GSTIN and password are sent electronically, enabling instant business commencement.
- **Conditions for withdrawal** are emphasized. The advisory reminds taxpayers that before applying for withdrawal (REG-32), they must have filed all returns from registration date and meet minimum filing periods: at least 3 months' returns if withdrawing before 1 Apr 2026, or one tax-period return if withdrawing on/after that date. No pending amendment or cancellation should exist.
- The scheme is strictly for low-turnover, B2B suppliers. The advisory reiterates that “any person...who feels that his total output tax liability...will not exceed Rs.2.5

lakh per month...shall be eligible to register under this scheme”. It also notes that one Rule 14A registration per state per PAN is allowed.

The advisory underscores ease and transparency by giving the option in the REG-01 form and clarifying withdrawal norms, GSTN has ensured that taxpayers are fully aware of the procedural requirements from Day 1. The advisory, together with FAQs on the portal, serves as the official guideline for availing Rule 14A.

5.2 Advisory on Furnishing Bank Details under Rule 10A (20.11.2025)

GSTN also issued **Advisory No. 637 dated 20.11.2025** to remind taxpayers of their obligations under **Rule 10A**. This advisory states that all taxpayers (except TDS/TCS registrants and non-residents) must furnish valid bank account information within **30 days of registration** or before filing the first GSTR-1/IFF, whichever is earlier. The portal will soon enforce Rule 10A mandates, and registrations without bank details will be suspended. Taxpayers are advised to add their bank details immediately via a non-core amendment (Services → Registration → Amendment of Registration (Non-Core Fields)).

Importantly, the advisory warns that non-compliance may lead to suspension of the GSTIN in which case no ITC can be claimed (as per Section 16 of the CGST Act). By issuing the notice well ahead of system implementation, GSTN has given affected small businesses time to update records and avoid inadvertent suspension. The advisory is crucial for newly registered taxpayers (including those under Rule 14A) to complete their onboarding.

6. Post-Registration Obligations and Compliance Roadmap

6.1 Selection of Return Filing Frequency (QRMP vs. Monthly) Under the GST law, small taxpayers have the option to file their GSTR-3B quarterly under the QRMP (Quarterly Return/Monthly Payment) scheme if their aggregate turnover is up to ₹5 crore. In the context of Rule 14A, most eligible businesses will fall below this turnover threshold and hence can choose between:

- **QRMP Scheme:** File GSTR-1 and GSTR-3B on a quarterly basis (1 Apr–Jun, Jul–Sep, etc.), while making monthly tax payments (via PMT-06 challans on the 25th of each month). This reduces the number of filings from 12 to 4 per year.
- **Monthly Filing:** Stick with standard monthly GSTR-3B and GSTR-1 filings, if preferred for cash-flow reasons or if turnover growth is expected.

The choice can be made on the GST portal. If opting for QRMP, the portal will pre-populate an option in GSTR-3B each quarter. Taxpayers should note that once QRMP is selected, it typically remains in effect unless they explicitly

opt out or exceed the ₹5 crore limit. The streamlined registration does not automatically select the return frequency; it is part of the onboarding. Tax practitioners should advise clients under Rule 14A about these options, as the QRMP scheme can further alleviate compliance effort for very small firms.

6.2 Maintenance of Accounts and Records

1. In terms of the GST legislation a registered person shall maintain details of all the invoices, bills of supply, credit and debit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply at each registered address of the company separately. A detailed list of accounts and records has been enclosed for your reference;
2. The Accounts and Records shall be preserved for the period of 6 years at respective premises. The Period will be counted from the last date of filing of Annual return for that year; Where such accounts and documents are maintained manually, be kept at every related place of business mentioned in the certificate of registration and shall be accessible at every related place of business where such accounts and documents are maintained digitally; and
3. The registered person maintaining electronic records shall produce, on demand, the relevant records or documents, duly authenticated by him, in hard copy or in any electronically readable format. In case the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files and explanation for codes used, where necessary, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files;

6.3 Display of GSTIN and GST Registration Certificate

1. Every registered person shall display his certificate of registration in a prominent location at his principal place of business and at every additional place or places of business; and
2. Every registered person shall display his Goods and Services Tax Identification Number on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

6.4 Compliance with Requirements of Rule 14A

1. **Eligibility Monitoring** – Monthly Output Tax Liability - Ensure that the monthly B2B output tax liability (IGST + CGST + SGST) remains within ₹2.5 lakh, being the fundamental condition for continued eligibility under the scheme;
2. While Rule 14A aims to simplify registration, officers

may still initiate risk-based physical verification post issuance of GST registration. Ensure that a representative is available at the premises, and documentation such as rent agreements, utility bills or ownership papers can be produced, if required.

3. Once registration is obtained under Rule 14A, withdrawal is permitted only after filing the prescribed number of returns (generally 3 months' returns or 1 tax period, depending on date of registration). Compliance calendars must reflect this lock-in period.

7. Opportunities for MSMEs and Small Businesses under the New System

Rule 14A offers several significant benefits for small businesses:

- **Faster Market Entry:** Under the new regime, a compliant MSME can obtain its GST registration in days rather than weeks. This accelerates time-to-market and avoids revenue loss from delayed invoicing. The reduction in processing time (by roughly 60%) boosts working capital efficiency.
- **Lower Compliance Cost:** With most of the process online and automated, businesses save on costs like travel to tax offices or hiring agents for handholding. The minimal documentation requirement (only digital uploads) simplifies the startup procedure.
- **Predictability:** The objective, rule-based approval removes much of the uncertainty and arbitrariness of the past. A legitimate small supplier knows from the outset that meeting the criteria virtually guarantees quick approval.
- **Flexibility to Scale:** As the business grows, the easy withdrawal mechanism ensures continuity. A taxpayer who accidentally crosses the threshold can switch to normal registration seamlessly, avoiding penalties. This makes growth more predictable.

8. Conclusion

Rule 14A represents a **watershed in GST registration policy**. By marrying technology with policy, it converts GST registration from a manual bottleneck into an almost “turnkey” process for small taxpayers. For compliant MSMEs, the reform means **speed and certainty** – essentially, “three-day auto-approval” of a GSTIN. At the same time, the system embeds robust checks (Aadhaar authentication and analytics) to guard against misuse.

In summary, the optional Rule 14A scheme significantly enhances ease-of-doing-business under GST. It aligns with the Finance Minister's vision of “efficiency, transparency, and ease” in indirect taxes. In the new GST eco-system, **speedy compliance is becoming the norm**, and Rule 14A is the leading example.

Contributed by CA. Mahesh Parmar

GST & the Education Sector in India:

Navigating the Fine Print of a Learning Economy

In modern India, education is more than a service—it's a social mission, a constitutional responsibility, and a powerful economic catalyst. Yet, in the world of Goods and Services Tax (GST), even a mission-driven sector must carefully navigate rules, exemptions, circulars, and classifications.

The education sector — comprising pre-schools, schools, colleges, universities, vocational training institutes, coaching centres, and other related entities — poses unique challenges under GST. The nature of services offered (core education, auxiliary services, accommodation/boarding, transport, examinations, affiliations) and variety of institutional structures (government, private, charitable trusts, for-profit) requires careful delineation of taxability, exemption, and input tax credit (ITC) eligibility.

From pre-schools to IIMs, skill-development centres' to flying academies, the education sector sits at the intersection of public welfare and commercial reality. GST law tries to protect "core education" while taxing the surrounding ecosystem. But the dividing line isn't always obvious.

Accordingly, the GST law and subsequent notifications have carved out specific rules for the education sector, balancing fiscal needs with social equity and affordability of education.

Let's look at how GST shapes the learning landscape of India today.

What Counts as 'Education' Under GST? The Big Question

"Education" is not defined in the CGST Act but as per Hon'ble Supreme Court decision in *Sole Trustee, Loka Shikshana Trust v. CIT* [1975] 101 ITR 234, education is systematic instruction, schooling, or training given to the young in preparation for the work of life.

Education in its general sense is a form of learning in which knowledge, skills and habits of a group of people are transferred from one generation to the next through teaching, training or research. Any experience that has a formative effect on the way one thinks or acts may be considered as education.

The foundational legal reference for GST exemptions in education sector (under service heading 9992) is Entry no 66 of Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017.

The notification defines "educational institution" in its paragraph 2(y) as an institution providing services by way

of:

1. Pre-school education and education up to higher secondary school or equivalent;
2. Education as part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
3. Education as part of an approved vocational education course.

Further, as per para 2 (h) of the exemption notification, "Approved Vocational Education Course" means, -

- (i) a course run by an industrial training institute or an industrial training centre affiliated to the NCVET or SCVT offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or
- (ii) a Modular Employable Skill Course, approved by the NCVET, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;

Thus, the definition includes a wide gamut — from nursery schools to degree-granting colleges/universities and approved vocational training institutes.

Head wise Classification

Heading or Group	Service Description
Heading 9992	Education Services
Group 99921 (999210)	Pre-Primary Education Services
Group 99922 (999220)	Primary Education Services
Group 99923	Secondary Education Services
999231	Secondary Education Services, general
999232	Secondary Education Services, technical and vocational
Group 99924	Higher Education Services
999241	Higher Education Services, general
999242	Higher Education Services, technical
999243	Higher Education Services, vocational
999249	Other Higher Education Services
Group 99925 (999259)	Specialized Education Services

Group 99929	Other Education and training services and educational support services
999291	Cultural Education Services
999292	Sports and recreational education services
999293	Commercial training and coaching services
999294	Other education and training services nowhere else classified
999295	Services involving conduct of examination for admission to educational institutions
999299	Other educational support services

Taxability vs. Exemption: What Is Covered, What Is Taxable?

Understanding the landscape of what is exempted and what remains taxable under GST in the education sector is key for compliance, pricing and structuring. The demarcation hinges on whether the service/institution qualifies under Notification 12/2017 CT(R) and on the nature of the services.

At the core of the exemptions lies a simple intent: “Real education should not be taxed.” Under Notification 12/2017-CT(R), Entry 66 provides for nil GST (i.e., exemption) on specified services.

A: The exempted Output services include:

- 1) Services provided by an “Educational Institution” (herein referred to as EI) to its students, faculty, and staff. (Entry 66(a)) The exemption entry does not specify the nature of services provided by an EI. Thus, all services provided by an EI to its students, faculty and staff are exempt under GST.

Few examples are:

- Tuition, Exam, Library, Transport, Laboratory fees etc
- Catering services provided by an EI to its students, faculty and staff (Clarified vide Circular 28/02/2018-GST, dated 08.01.2018, as corrected on 18.01.2018)
- Long duration courses offered by IIM's / IIT's / other professional institutes which award diploma/ degree certificate to students recognised by any law for the time being in force (for example the IIM Act, 2017) (Clarified Vide Circular 82/01/2019 GST dated 01.01.2019)
- Boarding schools providing service of education coupled with other services like providing dwelling units for residence and food. (This may be a case

of composite supply if the charges for education, lodging and boarding are inseparable)

- Maritime Training Institutes providing training courses which are approved by the DG Shipping and duly recognized under The Merchant Shipping Act, 1958 read with the Merchant Shipping (standards of training, certification and watch-keeping for Seafarers) Rules, 2014. (Clarified vide Circular 117/36/2019 GST dated 11.10.2019)
- Admission fees, application fees for entrance or for issuance of eligibility certificate/migration certificate in the process of their entrance/ admission/term end etc charged from students/ prospective students/leaving or ex-students (Clarified vide Circular 177/09/2022 GST dated 03.08.2022)
- Approved flying training courses conducted by Flying Training Organizations approved by DGCA wherein the DGCA mandates the requirement of a completion certificate (Clarified vide Circular 234/28/2024 GST dated 11.10.2024)

On the contrary, Readers may note that;

- Private coaching centres, tuition centres, professional training institutes (e.g., unrecognised training programmes, private tutorial classes, exam preparatory classes) are not part of an “EI”. These are typically treated as taxable “commercial training & coaching services.”
- IIM's/IITs/ other professional institutes also provide short duration/ term programs for which they award ‘participation certificate’ to attendees.

Since these participation certificates are not any qualification recognized by law, these courses do not get covered under the exemption category and are liable to GST. It was additionally clarified vide Circular 82/01/2019 GST dated 01.01.2019 that the attendees shall be treated as ‘participants’ and not students.

- Distance education / correspondence courses run by private entities (unless recognised under law) are treated as taxable if not qualifying under “curriculum leading to recognized qualification.”
- Many a times institutes conduct courses and issue diplomas or certificates in collaboration with certain foreign institutes or universities. Also, many a times private enterprises conduct campus interviews of the students of such institutes and offer them jobs. Such certificates / diplomas may be accepted for higher education abroad. However, such a certificate / diploma cannot be called as the one ‘recognized by the law for the time being in force’ unless such a diploma/certificate has been specifically recognized by the statutory authorities such as UGC, AICTE. Consequently, under

erstwhile Service Tax regime, it was clarified by virtue of Circular 107/1/2009 that such institutes would not fall under the exempted category and would be subjected to tax.

- Further, services provided by an EI to any person other than student, faculty and staff shall not get covered under this exemption entry and liable to GST.

For instance, Universities or colleges charge fees from prospective employers like corporate houses/MNCs, who come to the institutes for recruiting candidates through campus interviews. Such services shall also be liable to tax as recipient of such services is not a student, faculty or staff.

- 2) Services by way of conduct of entrance examination against consideration in the form of entrance fee. (Entry 66(aa))

Circular 151/07/2021-GST dated 17.06.2021 has clarified that National Board of Examination is an EI in so far as it provides services by way of conduct of examination, including any entrance examination, to the students. Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations. Additionally, an explanation was inserted via Notification No. 01/2023 CT(R), dated 28.02.2023, which clarifies that "Any authority, board, or body set up by the CG or SG, including the National Testing Agency, for the conduct of entrance examinations for admission to EI's, shall be treated as an EI for the limited purpose of providing services by way of conducting entrance examinations for admission to EI's."

- 3) Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, to a school established, owned or controlled by the Central, State Government, Union Territory, local authority, Governmental authority or Government entity. (Entry 66A inserted vide Notification 08/2024-CT(R) dated 08.10.2024.)

The activity of affiliation is to monitor and ensure whether the schools possess the required infrastructure, finances, faculty strength etc. and are thereby eligible for the privileges to operate under the aegis of said boards or councils.

It is important to understand that, the affiliation services are not related to the admission of students to such schools or the conduct of examinations by such schools. In other words, affiliation is administrative oversight, not education delivery. Thereby, it has been clarified by CBIC in Circular 234/28/2024 GST dated 11.10.2024 that such services of affiliation, provided to schools by Central or State educational boards or councils, or other similar bodies, by whatever name called, are TAXABLE except when provided

to government schools (as mentioned above in exemption entry 66A)

Similarly, Affiliation services provided by universities to their constituent colleges are NOT covered under the ambit of exemptions and thus are taxable under GST.

B: Exempted Input Services (i.e Services provided TO EI's)

Entry 66(b) of Exemption Notification 12/2017 CT(R) provides that

- (i) Transportation of students, faculty and staff;
- (ii) Catering, including any mid-day meals scheme sponsored by the Central, State Government or Union territory; (including serving of food to Anganwadi, whether sponsored by government or through donation from corporates as clarified vide Circular 149/05/2021 GST dated 17.06.2021)
- (iii) Security or cleaning or house-keeping services performed in such EI;
- (iv) Services relating to admission to, or conduct of examination by, such EI;
- (v) Supply of online educational journals or periodicals shall be exempted from GST (subject to certain conditions discussed below)

Readers may note that, services covered in clause (i), (ii) and (iii) above are NOT applicable to EI's other than those providing services by way of pre-school education and education up to higher secondary school or equivalent.

In other words, exemption for said services is applicable only where such services are provided to schools.

Additionally, security and housekeeping services performed OUTSIDE the school campus will be taxable as clause (iii) clearly provides that such services shall be exempted only when performed within the school premises.

Adding further, exemption covered in clause (v) is NOT applicable to EI's providing services by way of-

- pre-school education and education up to higher secondary school or equivalent; or
- education as a part of an approved vocational education course.

This implies that such exemption is applicable only for supply to institutions providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force. Readers may further note that, import of such services shall also be exempted from GST by virtue of Entry 1(ba) of Notification 9/2017 IT(R).

C: At a glance: Other Exempted Services Connected to Education Sector

(i) Skill Development Services

- ✓ Entry 69 of exemption notification provides that Any services provided by –
 - (a) the National Skill Development Corporation (NSDC) set up by the GoI;
 - (b) the National Council for Vocational Education and Training (NCVET);
 - (c) an Awarding Body recognized by the NCVET;
 - (d) an Assessment Agency recognized by the NCVET
 - (e) a Training Body accredited with an Awarding Body that is recognized by the NCVET
 - (f) a Training partner approved by the NSDC (Inserted vide Notification 06/2025-CT(R) dated 16.01.2025) in relation to-
 - (i) the National Skill Development Programme or any other scheme implemented by the NSDC; or
 - (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
 - (iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the NCVET has approved a qualification package
- shall be exempted from GST.

- ✓ Entry 70 of the exemption notification provides that services of assessing bodies empaneled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme shall be exempted from GST.
- ✓ Entry 71 of the exemption notification provides that services provided by training providers (Project implementation under agencies) Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) implemented by the Ministry of Rural Development, GoI by way of offering skill or vocational education and training courses certified by the NCVET are exempted from GST.

(ii) Research and Development Services

Entry no 44A of the exemption notification (inserted via Notification 08/2024 CT(R) dated 08.10.2024) provides that R&D services against consideration received in the form of grants supplied by –

- (a) a Government Entity; or
- (b) a research association, university, college or other institution, notified under clauses (ii) or (iii) of section 35(1) of the Income Tax Act, 1961 shall be exempted from GST.

The condition to be fulfilled in this case is that the research association, university, college or other institution, notified under clauses (ii) or (iii) of 35(1) of

the Income Tax Act, 1961 is so notified at the time of supply of the R&D service.

(iii) Training Services

- ✓ Entry 80 provides that services by way of training or coaching in-
 - (a) recreational activities relating to arts or culture, by an individual,
 - (b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act shall be exempted.

In other words, Training or coaching in recreational activities relating to the areas other than arts or culture is outside the purview of this entry and thereby taxable. Further, recreational activities relating to arts or culture, by any person other than an individual shall be liable to GST.

- ✓ Entry 68 provides that services provided to a recognized sports body by-
 - an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body shall be exempted.
- ✓ Entry 1 provides that services by charitable/religious trust (registered under 12AA/12AB) by way of Advancement of educational programs/skill development relating to, -
 - (a) abandoned, orphaned or homeless children;
 - (b) physically or mentally abused and traumatized persons;
 - (c) prisoners; or
 - (d) persons over the age of 65 years residing in a rural area shall be exempted.

- ✓ Entry 72 states that services provided to the Central/ State Government, UT administration under any training programme for which 75% or more of the total expenditure is borne by the Central/State Government, Union territory administration shall be exempted.

Further, Circular 164/20/2021 GST dated 06.10.2021 clarifies that free coaching services provided by coaching institutions and NGOs under the central scheme of "Scholarships for students with Disabilities" where 75% or more of the expenditure is borne by the Government to coaching institutions by way of grant in aid is covered under this entry and hence is exempt from GST.

(iv) Services of Hiring Motor vehicle

- ✓ Entry 22(c) provides that, services by way of giving on hire a motor vehicle for transport of students, faculty and staff, to a person providing services

of transportation of students, faculty and staff to an EI providing services by way of pre-school education and education upto higher secondary school or equivalent shall be exempted. To put it in other words, these services shall be taxable if such services are provided to a person providing services of transportation to any other type of EI.

Final Word: Learning the Law to Teach Better

While a major portion of core education services remain exempt, the government nevertheless collects substantial GST revenue from taxable segments of the sector. According to a response in the Lok Sabha, the government collected ₹ 4,792.40 crores in GST in FY 2023-24 on education services that are not exempt.

GST has reshaped the business and delivery of education

in India. While exemptions are generous, they are also tightly structured. The sector needs continuous compliance, careful documentation, and a clear understanding of where the boundaries of “education” lie. Wrong interpretation may lead to high tax impact, but when mastered, GST supports an education sector that is both accountable and accessible—a balance essential in a learning nation like ours.

In sum, while GST has not made education more expensive in core formal education — as often feared — it has brought clarity, transparency, and structural integrity to the taxation of “education services,” ensuring that commercial providers and non-core services contribute appropriately to the revenue base, without undermining access to genuine education.

Contributed by CA. Rishabh A Parikh



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- 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.



GST Compliance Schedule

Compliances for the month of December 2025

Forms	Compliance Particulars	Due Dates
GSTR 7	Return to be furnished by the registered persons who are required to deduct tax at source.	10.01.2026
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.	10.01.2026
GSTR 1	Statement of outward supplies by the taxpayers having an aggregate turnover of more than Rs. 5 crore or the taxpayers who have opted for monthly return filing.	11.01.2026
GSTR 1	Statement of outward supplies by the taxpayers having an aggregate turnover up to ₹ 5 crore and who have opted for the QRMP scheme.	13.01.2026
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.	13.01.2026
GSTR 6	Return to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution.	13.01.2026
CMP 08	Statement containing the details of self-assessed tax for Quarter 3 of FY 2025-26 by the registered person paying tax under section 10.	18.01.2026
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.	20.01.2026
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.	20.01.2026
GSTR 3B	Return to be furnished by the taxpayers who have opted for QRMP scheme for Quarter 3 of FY 2025-26 comprising consolidated summary of outward and inward supplies. (For registered taxpayers having their place of business in the states of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep)	22.01.2026
GSTR 3B	Return to be furnished by the taxpayers who have opted for QRMP scheme for Quarter 3 of FY 2025-26 comprising consolidated summary of outward and inward supplies. (For registered taxpayers having their place of business is in states of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi)	24.01.2026





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JUDICIAL PRONOUNCEMENTS

1. SCNs on Undisclosed Cross-LoC Barter Transactions Held Valid and Writ Petitions Dismissed as Premature [(New Gee Enn & Sons & Others) – High Court of Jammu & Kashmir and Ladakh – W.P.(C) No. 1938 of 2024 & connected W.P.(C)s, decided on 27.11.2025]

The petitioners were traders undertaking cross-LoC barter under the 2008 MHA SOP on the Srinagar–Muzaffarabad and Poonch–Rawalakote routes, involving exchange of permitted goods without currency. While the activity was zero-rated under the earlier J&K VAT regime, no such exemption existed after GST commenced on 08.07.2017. The petitioners continued to treat the transactions as zero-rated, did not disclose inward or outward supplies and did not pay GST for 2017-18 and 2018-19. Investigation indicated substantial unreported supplies, leading to composite show cause notices under Section 74(1) alleging suppression, non-cooperation and non-furnishing of invoices.

The Court found that cross-LoC barter amounted to intra-State supply and that the notices disclosed prima facie suppression attracting Section 74. The SCNs were within limitation and composite notices were permissible with year-wise quantification.

The writ petitions were dismissed as premature and the petitioners were directed to file replies or pursue the statutory appeal.

2. Demand Order Set Aside as Interest and Penalty Exceeded Scope of SCN [(Chaurasiya Zarda Bhandar) – High Court of Allahabad – Writ Tax No. 1336 of 2025, decided on 19.11.2025]

The petitioner was issued a show cause notice for FY 2019–20 proposing recovery of tax of Rs. 29,07,002/-. The notice disclosed only the alleged tax liability and contained no proposal for levy of interest or penalty. Despite this, the adjudicating authority passed an assessment-cum-demand order dated 29.08.2024 imposing interest of Rs. 5,12,453/- each under CGST and SGST along with an equivalent penalty under both statutes, thereby enhancing the total demand substantially. The petitioner's appeal was later dismissed on limitation, leading to affirmation of the assessment order.

The Court held that Section 75(7) mandates that the amount demanded in the final order cannot exceed what is proposed in the show cause notice nor can any new grounds be introduced. Since the SCN contained no indication of interest or penalty, their imposition in the assessment order was contrary to statutory requirements. Revenue also did not dispute

the absence of proposal of interest and penalty in the SCN.

Finding the order arbitrary and unsustainable, the Court quashed the assessment-cum-demand order dated 29.08.2024 as well as the consequential attachment order dated 11.09.2025 and remitted the matter to the adjudicating authority for passing fresh orders in accordance with law.

3. Adjudication Order Set Aside for Improper Portal Service and Absence of Personal Hearing [(Birla Brothers (P.) Ltd.) – High Court of Calcutta – W.P.A. No. 26252 of 2025, decided on 24.11.2025]

Proceedings were initiated against the petitioners under Section 73 of the CGST Act and an adjudication order dated 06.03.2023 imposed tax, interest and penalty. Notices and the impugned order were uploaded only under the “Additional Notices and Orders” tab of the GST portal instead of the main “Notices and Orders” tab. The petitioners stated that they became aware of the proceedings only upon receiving a later recovery notice by email and that no opportunity of personal hearing had been granted.

The Court found that service through an obscure portal tab deprived the petitioners of proper notice of the proceedings. Relying on its judgment in Sankar Agarwala and Parakh Consulting LLP, the Court held that defective communication and absence of the personal hearing mandated by Section 75(4) violated principles of natural justice. The existence of an appellate remedy did not bar interference since the adjudication itself was improper.

The adjudication order was set aside and the matter remanded to the show-cause stage for fresh consideration.

4. Confiscation Under Section 130 Not Permissible for Excess/Unaccounted Stock Found During Survey [(Vidarthi Dresses) – High Court of Allahabad – Writ Tax No. 4971 of 2025, decided on 17.11.2025]

The petitioner's business premises were surveyed on 30.04.2019, during which the authorities alleged excess/unaccounted stock. Relying solely on this survey, proceedings under Section 130 were initiated and orders dated 30.09.2019 and 24.10.2024 were passed proposing confiscation of goods. The petitioner contended that any discrepancy in stock required tax determination under Sections 73 or 74 read with Section 35(6) and not confiscation. Reliance was placed on this Court's earlier decisions in Vijay Trading Company and PP Polyplast, where confiscation based only on excess stock was found impermissible.

The Court noted that Section 35 obligates maintenance

of true and correct accounts and that sub-section (6) requires unaccounted goods to be assessed under Sections 73/74. Since the Act prescribes this specific mechanism, Section 130 could not be invoked merely because excess stock was found during survey.

The impugned orders were quashed and the petitioner was directed to be refunded any amount deposited pursuant to them within one month.

5. Deposit Made During Investigation Constitutes Valid Pre-deposit and ECL Payment Also Acceptable [(Getronics Solutions India (P.) Ltd.) – High Court of Karnataka – W.P. No. 11470 of 2024 (T-RES), decided on 14.11.2025]

The petitioner was subjected to proceedings under Section 74 for July 2017 to March 2020 and had deposited Rs. 1.99 crore during investigation under protest, which was exceeding 10 percent of the disputed tax. After the Order-in-Original confirmed tax, interest and penalty, the petitioner filed an appeal seeking adjustment of this deposit as the mandatory pre-deposit under Section 107(6). The appellate authority declined the request, leading the petitioner to make a further payment of Rs. 1.14 crore through the Electronic Credit Ledger. The appeal was still dismissed for alleged non-compliance.

The Court found that the deposit of Rs. 1.99 crore made during adjudication was required to be adjusted as pre-deposit, consistent with the Supreme Court's decision in VVF (India) Ltd. and that utilisation of the Electronic Credit Ledger for the 10 percent deposit was permissible as recognised by a coordinate Bench of this Court in VK Building Services (P.) Ltd. The appellate authority had therefore erred.

The appellate order was set aside and the appeal was restored for fresh consideration on merits without insisting on any additional pre-deposit.

6. Liquidated Damages under Concession Agreement Found Non-taxable and Do Not Constitute a Supply of Tolerating an Act – [(JBM Ecolife Mobility Surat (P.) Ltd., In re) – Gujarat AAR – GUJ/GAAR/R/2025/47, decided on 03.11.2025]

The applicant, an SPV formed for the Surat e-bus project, entered into a Concession Agreement with SMC (later SSL) for design, supply and O&M of electric buses, depot development and charging infrastructure. The Agreement included liquidated damages for defaults relating to procurement, COD delays, maintenance lapses, operational issues, safety, reliability and punctuality. SSL raised demands for such damages and the applicant sought a ruling on GST liability, classification and ITC eligibility.

The Authority examined the Agreement, noting that the liquidated damages were defined as genuine pre-estimated loss under Clause 1.2.1(y). Reviewing the penalty schedules and breach-linked provisions

across Articles 13, 14, 17 and 20, it found no indication that SSL had agreed to tolerate any breach. Referring to CBIC Circulars 178/10/2022 and 245/02/2025, the Authority stated that payments made as compensation for breach do not constitute consideration for a supply, nor do they represent a service of tolerating an act under Section 7.

GST was not payable on liquidated damages and questions on rate, SAC and ITC did not arise.

7. GST Registration Cancelled by Non-Speaking Order Despite Detailed Reply and Personal Hearing and Violation of Natural Justice Warranted Quashing of Cancellation Order, While Challenge to Interim Suspension was Rejected as the Action Was Not Without Jurisdiction or Disproportionate – [(Florida Solvent (P.) Ltd.) – High Court of Bombay – W.P. No. 4109 of 2025, decided on 18.11.2025]

The petitioner received a SCN dated 15.09.2025 proposing cancellation of registration for alleged wrongful availment of ITC. It filed a detailed reply with invoices, e-way bills, ledgers and bank statements and also appeared for a personal hearing. Nevertheless, on 22.09.2025 the registration was cancelled from 15.06.2022, noting the reply and submissions, but without justifying reasons. The Bombay High Court held that the impugned order lacked reasons, rendering it non-speaking and violative of natural justice. The cancellation order was quashed and the matter remanded for fresh consideration of the notice.

8. Retrospective Cancellation Unsustainable as SCN Did Not Propose It and Matter Remanded for Re-inspection and Fresh Hearing – [(Stalwart India Alloys Ltd.) – High Court of Delhi – W.P.(C) No. 16845 of 2025, decided on 07.11.2025]

The petitioner's registration was cancelled on 26.09.2025 with retrospective effect from 20.02.2024 basis a SCN alleging that the petitioner was untraceable during an Anti-Evasion inspection on 20.12.2024. The SCN, however, did not propose retrospective cancellation of the registration. The petitioner filed a reply on 04.01.2025 explaining absence due to a bereavement and sought re-inspection, but the SCN had fixed the hearing for 02.01.2025, before the reply was due. The Court held that retrospective cancellation is impermissible when the SCN does not contemplate it, relying on its earlier rulings, Subhana Fashion, Balaji Industries and Riddhi Siddhi Enterprises. As the SCN only alleged non-traceability, the retrospective cancellation was unsustainable. The Court set it aside, directed re-inspection with notice and ordered a fresh hearing.

9. Detention of Goods Followed by Penalty Paid Under Economic Duress Without a Speaking MOV-09 Order Violated Section 129(3) and Articles 14, 19(1)(g), 265 and 300-A and the Penalty Was

Directed to Be Refunded With Interest – [(R.G. Group) – High Court of Tripura – W.P.(C) No. 611 of 2025, decided on 05.11.2025]

The petitioner's electrical goods were detained on 09.07.2024 due to an expired e-way bill and vehicle mismatch, despite a clean MOV-04 verification. MOV-06 and a MOV-07 notice proposing penalty under Section 129(1) followed. The department admitted that EWB-03 Part A/B was never uploaded due to a technical glitch. The petitioner filed a detailed reply on 18.07.2024 and to secure release amid continuing detention paid Rs. 4,96,850/- under clear economic duress on 26.07.2024, while requesting a reasoned MOV-09 order to enable appeal. No MOV-09 was ever issued. The department later claimed none was needed after 'voluntary' payment, a position the Court rejected. The Court held the omission unlawful, ordered refund of the penalty with 9 percent interest, imposed Rs. 25,000/- costs on the detaining officer and directed examination of his conduct.

10. Appeal Against Order Imposing Only Interest and Penalty With Nil Tax Could Not Be Rejected for Non-payment of Pre-deposit and Dismissal for Alleged Absence of Condonation Request Was Erroneous – [(Barjinder Singh Kohli) – High Court at Calcutta – W.P.A. No. 19676 of 2025, decided on 03.11.2025]

The petitioner challenged an appellate order dated 15.05.2025 under Section 107 of the WBGST/CGST Act, dismissing his appeal on limitation and non-payment of pre-deposit. The order dated 07.01.2025 under Section 74 had raised only interest and penalty, noting a nil tax demand since tax had been paid earlier through DRC-03. The appeal filed on 26.04.2025 was beyond the initial three-month period but within the condonable month under Section 107(4). No pre-deposit was made because no tax was in dispute.

The High Court held that, at the relevant time, Section 107(6) required pre-deposit only of 'tax in dispute' and the later proviso mandating 10 percent pre-deposit for penalty-only orders (effective 01.10.2025) was inapplicable. As the appeal was filed within the condonable period, the matter was remanded to the Appellate Authority to consider condonation and thereafter hear the appeal without insisting on pre-deposit.

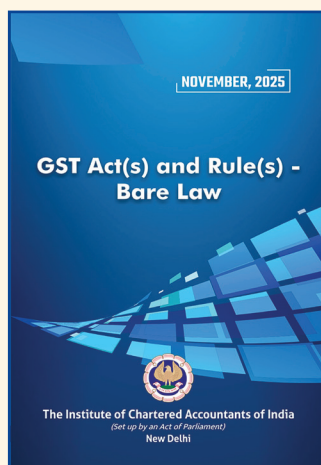
11. SCNs and Orders Invoking Section 74 Without Alleging Fraud, Wilful Misstatement or Suppression Were Without Jurisdiction and Were Quashed With Liberty to Proceed Under Normal Provisions – [(Neeyamo Enterprise Solutions Pvt. Ltd.) – High Court of Judicature at Madras (Madurai Bench) – W.P.(MD) Nos. 30453 to 30458 of 2024 & connected W.M.Ps., decided on 11.11.2025]

The petitioner underwent inspection under Section 67 of the TNGST Act for 2018–19 to 2022–23 and April-August 2023. Invoking the extended period of limitation, SCNs, issued on 10.05.2024, listed nine alleged defects and called upon the assessee to explain why the tax, interest and penalty 'determined' therein should not be paid. Without any reply from the assessee, orders were passed in June 2024. The petitioner challenged the proceedings, arguing that neither the notices nor the orders alleged fraud, wilful misstatement or suppression, which are mandatory jurisdictional elements for proceedings under Section 74.

The Court held that Section 74 can be invoked only when non-payment arises from these specific elements, which must be clearly indicated in the SCN. As these allegations were not recorded in the notices, the SCNs and orders were quashed leaving liberty to proceed, if warranted, under Section 73.

Contributed by CA. Gajendra Maheshwari

PUBLICATION



GST Act(s) and Rule(s) - Bare law

The publication "GST Act(s) and Rule(s) – Bare Law" is a compilation of Act(s) and Rule(s) pertaining to GST, namely the Constitution (101st Amendment) Act, the Central Goods & Services Tax Act, 2017, the Integrated Goods & Services Tax Act, 2017, the Union Territory Goods & Services Tax Act, 2017, the GST (Compensation to States) Act, 2017, the Central Goods & Services Tax Rules, 2017 and the Integrated Goods & Services Tax Rules, 2017. The publication is updated with the amendments made up to 31st October 2025.

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QUIZ

- Can a registered person under composition Scheme claim input tax credit?
 - Yes
 - No
 - Input tax credit on inward supply of goods only can be claimed
 - Input tax credit on inward supply of services only can be claimed
- Can a registered person opt for composition scheme only for one out of his 3 business verticals having same Permanent Account Number?
 - Yes
 - No
 - Yes, subject to prior approval of the Central Government
 - Yes, subject to prior approval of the concerned State Government
- Which of the following transaction is inter-state supply of goods involving movement of goods?
 - Location of supplier is in Bangalore and location of recipient is in Mumbai and goods are shipped to Kolkata
 - Location of supplier and place of supply is Mumbai
 - Location of supplier and place of supply is Bangalore
 - None of the above
- What is the correct treatment under GST law regarding the tax component included in the cost of capital goods or plant and machinery—specifically in relation to claiming depreciation under the Income-tax Act and availing input tax credit (ITC)?
 - Depreciation may be claimed on the tax component without affecting ITC eligibility
 - ITC cannot be claimed on the tax component of capital goods or plant and machinery
 - ITC can be availed only when depreciation is not claimed on the tax component
 - Both options (a) and (b) are incorrect
- From 22 September 2025, which of the following is not one of the main GST rate slabs for most goods/ services?
 - 5%
 - 12%
 - 18%
 - 40%
- A continuous supply of goods requires one of the following as a must:
 - The goods must be notified by the Commissioner in this behalf
 - The contract for supply lasts for a minimum period of 3 months
 - The supply must be made only after obtaining an advance payment
 - Supplier invoices the recipient on a regular or periodic basis
- A registered person, who is under investigation for an offence under Chapter XIX, needs to retain the books of accounts/other records pertaining to such investigation until the expiry of:
 - 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
 - 1 year after final disposal of such investigation.
 - (a) or (b), whichever is later
 - None of the above
- Under Rule 14A, eligibility for electronic GST registration is primarily determined based on:
 - Aggregate turnover not exceeding ₹20 lakh in the previous financial year
 - Monthly B2B output tax liability not exceeding ₹2.5 lakh
 - Total output tax liability, including B2C and exempt supplies, not exceeding the prescribed threshold
 - Annual outward taxable supplies not exceeding ₹50 lakh
- “Electronic commerce operator” means any person who _____ digital or electronic facility or platform for electronic commerce.
 - Owns
 - Manages
 - Operates
 - Any of the above
- 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
 - Person other than mentioned above

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

Name	Membership No.
CA. Pooja Ramrakhiani	631178
CA. Ritesh P Rangani	154253
CA. Akshay Verma	443477
CA. Vivekkumar Rajeshkumar Rana	626812
CA. Dilip Bhandary S	269240

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/6yLfYdiipzSJhqp58>



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.

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- ✓ Regular GST Updates
- ✓ Previous Issues of ICAI-GST Newsletter
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- ✓ 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

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