

64th Edition



ICAI-GST

NEWSLETTER

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President's Communication



Dear Professional Colleagues,

Greetings and best wishes for a prosperous financial year 2026–27.

As we enter the new financial year, the Goods and Services Tax (GST) ecosystem continues to evolve towards greater digitalisation, tighter compliance frameworks, and increased reliance on data analytics. In this environment, businesses must move beyond reactive compliance and adopt a more integrated and technology-driven approach to tax management. As India steadfastly advances on the path of sustainable and inclusive growth, the accountancy profession will continue to play a vital role in upholding transparency, accountability, and fiscal discipline.

This evolving landscape is also reflected in recent revenue trends. A defining feature of the closing phase of the financial year 2025–26 has been the strong and sustained GST revenue performance. The gross GST collections for March 2026 stood at ₹ 2,00,064 crore, registering a growth of 8.8% over March 2025 and marking the highest-ever monthly collection since the introduction of GST. This milestone is particularly significant as it reflects not only year-end factors but also an underlying structural improvement in the GST framework.

A closer analysis of revenue trends indicates multiple positive signals. First, the consistency in monthly collections during the year suggests a stabilisation of the GST system and reduced volatility. Second, the continued buoyancy points towards a widening tax base, aided by increased formalisation of the economy and improved reporting mechanisms. Third, the role of technology—especially return reconciliation, e-invoicing expansion, and data-driven scrutiny—has contributed significantly to better compliance and detection of leakages.

At the same time, the growth trajectory also calls for a balanced perspective. While higher collections indicate improved compliance, they also underline the need for continued simplification of procedures, timely refunds, and a reduction in ambiguity and related litigations to ensure that compliance remains facilitative rather than burdensome. Sustained revenue growth will depend not only on enforcement but also on taxpayer trust and the ease of doing business. The operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT) is a significant step in this direction, expected to expedite dispute resolution and enhance certainty in the GST regime.

Since inception of GST, Chartered Accountants have been at the forefront of transformation ensuring smooth implementation by guiding businesses through regulatory changes, strengthening compliance systems, and providing critical interpretational support. As the GST regime matures, their role in promoting voluntary compliance, ensuring data accuracy, and facilitating dispute resolution will become even more significant.

In this context, the ICAI through its GST & Indirect Taxes Committee continues to play a proactive role in supporting policy formulation and implementation, while strengthening professional capabilities. The Committee has actively collaborated with the government institutions and conducted capacity-building initiatives, including training programmes at NACIN Bengaluru and Chennai, as well as for the Taxation Department in Meghalaya.

The profession will continue to lead from the front in fostering trust-based compliance and strengthening the nation's fiscal framework.

I extend my best wishes to all stakeholders for continued success in the year ahead.

CA. Prasanna Kumar D

President

The Institute of Chartered Accountants of India

PHOTOGRAPHS



The National Conference on GST was organised by GST & IDTC and hosted by WIRC of ICAI in Mumbai.



A meeting was held with Mr. Sanjay Mangal, Member (GST, CE, Service Tax & Tax Policy), CBIC, by CA. Umesh Sharma, Chairman, & CA. Rajendra Kumar P, Vice - Chairman, GST & IDTC.



A meeting was held with Mr. Yogendra Garg, Member (Customs), CBIC by CA. Umesh Sharma, Chairman & CA. Rajendra Kumar P, Vice - Chairman, GST & IDTC.



A meeting was held with Ms. Anshika Agrawal, DS, GST Policy Wing, CBIC by CA. Umesh Sharma, Chairman & CA. Rajendra Kumar P, Vice - Chairman, GST & IDTC.



A meeting was held with Mr. Manish Kumar Sinha, CEO, GSTN & his team by CA. Umesh Sharma, Chairman & CA. Rajendra Kumar P, Vice - Chairman of GST & IDTC.



The 106th Meeting of the GST & Indirect Taxes Committee was the first meeting held after its reconstitution for the ICAI Council Year 2026-27.

Chairman's Communication



**Esteemed Member,
Warm Greetings!**

I, along with the Vice-Chairman of the GST & Indirect Taxes Committee, CA. Rajendra Kumar P, am pleased to present the 64th Edition of the ICAI GST Newsletter. This edition covers key recent developments in GST and highlights the initiatives undertaken by the Committee to promote knowledge sharing and professional excellence in indirect taxation.

In the legislative landscape, the Finance Bill, 2026 was passed by the Lok Sabha on 25th March 2026 and enacted on 30th March 2026 upon receiving Presidential assent. While the amendments made by the Finance Act, 2026 to the CGST Act, 2017 will come into force from a date to be notified, certain provisions have already been made effective, including the insertion of sub-section (1A) in Section 101A of the CGST Act from 1st April 2026 and the omission of sub-section (8) of Section 13 of the IGST Act, 2017 with effect from 30th March 2026.

On the institutional front, the Hon'ble President of India has designated the Judicial Members of the GST Appellate Tribunal (GSTAT) as Vice-Presidents of their respective State Benches. The complete list of such designations is available on the Committee's website under the GST Statutes tab.

GSTN has introduced key system updates to strengthen compliance on the GST portal. With effect from February 2026, the "Tax Liability Breakup" tab in Form GSTR-3B is being auto-populated based on data from Forms GSTR-1, GSTR-1A, and IFF. Taxpayers are required to verify or edit the details and mandatorily click "SAVE" before filing returns through EVC/DSC. This is expected to improve accuracy in tax liability reporting, enable proper computation of interest, and facilitate better reconciliation during audits and assessments.

Further, payments made through Form GST DRC-03 may be treated as pre-deposit for filing appeals in Form GST APL-01. However, as such payments are not system-linked with a Demand ID, taxpayers are advised to file Form GST DRC-03A to establish the necessary linkage, thereby ensuring proper credit and avoiding duplication.

With the operationalisation of GSTAT, there is a growing need for professionals to be equipped with not only technical knowledge but also strategic insight and advocacy skills. In this regard, the Committee, jointly with the Members in Practice Committee, is launching **GSTART – GST: From Adjudication to Representation & Tribunal Practice (Level I)**, a structured three-day workshop covering the GST dispute lifecycle—from adjudication and first appeal to an introduction to GSTAT processes.

Members interested in participating may connect with their respective Branch or Region to host the workshop. Detailed information is available on the Committee's website. Members are also encouraged to stay updated through the Committee's official WhatsApp Channel at <https://whatsapp.com/channel/0029VbC5pZYATRSrKi8c4s0r> and Twitter (Formerly X) handle at <https://x.com/gstidtcicai>

CA. Umesh Sharma

Chairman

GST & Indirect Taxes Committee

The Institute of Chartered Accountants of India

Taxability of Intermediary Services under GST: A Continuing Debate and the Road Ahead

Introduction

The taxability of intermediary services under the Goods and Services Tax (GST) regime has emerged as one of the most complex and litigated areas since the introduction of GST in India. While the GST framework is fundamentally based on the principle of a destination-based consumption tax, certain provisions particularly those governing intermediary services, deviate from this core philosophy. This divergence has led to a host of interpretational challenges, sparking disputes between taxpayers and tax authorities over how to properly classify and tax these services. The controversy primarily revolves around the place of supply provisions contained in the Integrated Goods and Services Tax Act, 2017 (IGST Act), which plays a decisive role.

Meaning and Scope of Intermediary Services

The concept of taxability of intermediary services was first introduced in India in 2012, in the Service Tax regime, in relation to supply of services. In October 2014, the scope was widened by including agents/brokers engaged in facilitating sale of goods between two persons.

The term “intermediary” has been specifically defined under Section 2(13) of the IGST Act to mean a broker, an agent, or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both between two or more persons. The definition, however, expressly excludes a person who supplies such goods or services on his own account. This exclusion is of critical importance and forms the foundation of most disputes in this area.

A careful reading of the definition indicates that an intermediary arrangement necessarily involves three distinct parties: the supplier of the main supply, the recipient of such supply, and the intermediary who acts as a link between them. The role of the intermediary is limited to arranging or facilitating the supply, and the intermediary does not himself provide the main supply. This distinction becomes crucial because if a person is found to be providing services independently on a principal-to-principal basis, then such services would fall outside the scope of intermediary services. To bring more clarity to the definition and scope of intermediary services, Circular no. 159/15/2021-GST dated 20 September 2021 was issued by the Central Board of Indirect Taxes and Customs (CBIC).

In reality though, drawing this line is not always straightforward. Many service providers engage in activities that involve interacting with third parties, coordinating, or providing support. Tax authorities often interpret this involvement as facilitation, which can lead to classifying the service as intermediary services.

Place of Supply Provisions and Their Impact

Section 13 of the IGST Act deals with cases where either the supplier or the recipient is based outside of India. According to the general rule in Section 13(2), the place of supply for services is determined by the location of the recipient. This rule aligns with the destination-based principle, ensuring that services are taxed where they are actually consumed. However, there is a notable exception in Section 13(8)(b) for intermediary services, which states that the place of supply is considered to be where the supplier is located. This creates a legal fiction whereby, even if the recipient is located outside India, the place of supply is deemed to be in India. The implications of this rule are quite significant. It means that services provided to foreign recipients are treated as domestic supplies, which brings them under GST and makes them ineligible for export benefits. This deviation from the general rule has been the primary reason for disputes.

Interplay with Export of Services

The concept of export of services is defined under Section 2(6) of the IGST Act, which lays down five cumulative conditions. These include the location of the supplier in India; the location of the recipient outside India; receipt of payment in convertible foreign exchange; and the requirement that the supplier and recipient be not merely establishments of a distinct person. Crucially, one of the essential conditions is that the place of supply of the service must be outside India.

It is at this juncture that the intermediary provision creates a conflict. While the transaction may satisfy all other conditions of export, the application of Section 13(8)(b) results in the place of supply being deemed to be in India. Consequently, the transaction fails to qualify as an export of services. This leads to a paradoxical situation where a service provided to a foreign entity and consideration received in foreign exchange, is still taxed in India.

Illustrative Scenario – Outbound Services

To better understand the issue, consider a scenario where an Indian advisory firm is brought on board by a foreign company looking to expand its business in India. This Indian firm dives into tasks like conducting market research, analyzing regulations, and finding potential business partners. They put together comprehensive reports and offer strategic advice based on their expertise. It is important to note that this firm does not have the power to negotiate or finalize contracts for the foreign company. From the tax authorities’ viewpoint, these activities might be seen as helping the foreign company connect with players in the Indian market. Because of this, the firm could be labeled as an intermediary, which means the place of supply would be considered to be in India, thus attracting GST.

However, from the taxpayer's perspective, the firm is providing independent advisory services on its own account. The deliverables are in the nature of research and consultancy, and there is no arrangement or facilitation of a specific supply between two identified parties. Accordingly, the place of supply should be determined under the general rule under Section 13(2), that is, the location of the recipient, which is outside India. Therefore, the transaction should qualify as an export of services and be treated as zero-rated supply.

Many refund applications have been rejected in past stating that the said services do not fall within the definition of export of services even though the entity operates on a principal-to-principal basis. This classification dilemma is similarly pervasive across various service-oriented domains.

Consider a scenario where an advertising agency provides comprehensive advertising services, including developing media plans, procuring prime media slots from media owners, and reselling this media space to a foreign client. The agency views these services as an "export of services" under the GST framework, seeking associated refunds.

However, the tax authority concludes that the advertising agency is merely facilitating the supply of advertising services between the media owners and the foreign client, thereby classifying its role as "intermediary" in nature. Consequently, the authority rejects the refund claim, arguing that the services do not meet the conditions for export.

The advertising agency strongly contests this classification. It states that it operates on a principal-to-principal basis, independently procuring media space from vendors, establishing rates, and bearing the primary contractual obligation for payment. It then supplies a complete package of advertising services to its client, taking full responsibility for the delivery. The agency highlights that it negotiates separate terms with media owners and its foreign clients, often charging the client for the media cost plus its own service fees.

Furthermore, it has been mentioned in Circular No. 230/24/2024-GST dated 10 September 2024 which explicitly states that an advertising company involved in the main supply of advertising services, including the resale of media space to a foreign client on a principal-to-principal basis, does not typically fulfill the criteria of an "intermediary." The agency argues that its direct provision of services on its own account, coupled with the clear fulfillment of all other conditions for export (like the recipient being outside the country and payment in foreign exchange), validates its claim for export benefits.

Judicial Interpretation

The judiciary has played a crucial role in resolving this interpretational conflict. In *Ernst & Young Ltd. v. Additional Commissioner, CGST Appeal-II*, the Hon'ble Delhi High Court examined the scope of intermediary services in detail. The Court observed that the essence of an intermediary lies in facilitating a supply between two

other parties. If a service provider is rendering services on his own account, such services cannot be classified as intermediary services.

The Court further emphasized that the nature of the service must be determined based on the contractual terms and the actual conduct of the parties. On such examination, the Court held that the services in question qualified as export of services and not as intermediary services.

A similar approach was adopted by the Delhi High Court in the case of *Global Opportunities Private Limited*, where they dismissed the writ petition from the Commissioner of Delhi Goods and Services Tax and upheld the assessee's right to a GST refund. The Court determined that the educational consultancy services provided to foreign universities for the admission of Indian students met the criteria for "export of services" under the IGST Act, 2017, and should not be categorized as intermediary services.

This was also seen in the case of *Union of India v. K.C. Overseas Education Pvt Ltd* – Supreme Court where SLP dismissed against impugned order of the High Court that since services to foreign universities in recommending students constituted export of services under section 2(6) of IGST Act, consideration being received in foreign currency and place of supply being outside India, assessee would be eligible for refund of GST paid on such consideration

In the *Vodafone India Services Pvt. Ltd.* case, the Court reiterated that the true nature of a transaction should be assessed based on its substance rather than its form. This principle continues to guide the interpretation of intermediary services under GST.

Notwithstanding the divergent judicial views discussed above, it is pertinent to note the final legal position emerging from the decision in *Dharmendra M. Jani vs Union of India*. The Bombay High Court, by a majority ruling, upheld the constitutional validity of Section 13(8)(b) of the IGST Act. The Court held that intermediary services, even when provided to recipients located outside India, do not qualify as export of services, as the place of supply is deemed to be the location of the supplier in India. Consequently, such services are liable to GST in India, and the provision was held not to be violative of the Constitution or the principle of destination-based taxation.

CBIC Clarification and Exemption Position

The Central Board of Indirect Taxes and Customs, recognizing the interpretational nature of such disputes, issued Instruction No. 05/2023 dated 13 December 2023. This instruction clarifies that proceedings under Section 74 of the Central Goods and Services Tax Act, 2017, which deals with cases involving fraud or suppression, should not be initiated in a routine or mechanical manner. Authorities are required to examine whether the issue is interpretational in nature before invoking stringent provisions. This guidance is particularly relevant in the context of intermediary services, where disputes often arise from bona fide differences in legal understanding rather than deliberate tax evasion.

It is pertinent to note that Notification No. 9/2017-Integrated Tax (Rate) dated 28th June 2017, as amended. According to serial number 12AA of this notification, intermediary services are exempt from GST when both the supplier and the recipient of the goods are located outside India, provided certain conditions are met.

Therefore, in cases involving intermediary services, it's essential to carefully assess the taxability of the transaction in light of the exemption notification and the CBIC's clarification that these matters are often interpretational and shouldn't automatically trigger proceedings under Section 74/74A.

Legislative Intent and Practical Challenges

The rationale behind the intermediary provision appears to be based on the assumption that such services are performed and consumed within India should therefore be taxed in India. However, in practice, this assumption does not always hold true. In many cases, intermediary services are provided to foreign entities as part of their global operations, while the economic benefit of such services accrues outside India.

The application of Section 13(8)(b) has led to several practical challenges. Service providers are denied the benefit of zero-rated supply, resulting in the accumulation of unutilized input tax credit. Additionally, the requirement to pay GST increases the cost of services, making Indian service providers less competitive in the global market. This has been widely criticized as being inconsistent with the objective of promoting exports.

Reverse Scenario – Import of Services

The issue also has implications in the reverse scenario, where services are received from foreign service providers. For instance, an Indian company may engage a foreign consultant to identify overseas customers, conduct promotional campaigns, and assist in initial business negotiations. Under the existing intermediary provision, if such services are classified as intermediary services, the place of supply would be the location of the supplier, that is, outside India. However, this position is expected to change in light of recent proposal.

Recent Budget Proposal and Way Forward

In the Union Budget 2026, a noteworthy proposal was made to remove Section 13(8) of the IGST Act.. This is a significant development that seeks to address the long-standing controversy surrounding intermediary services.

The Finance Act 2026 has now omitted Section 13(8)(b) in its entirety, without introducing any replacement provision specific to intermediary services. Upon such omission, the place of supply for such services would be determined under the general rule, that is, the location of the recipient. This would result in more such services qualifying as exports, thereby reducing litigation, and promoting ease of doing business. At the same time, in cases where services are received from foreign entities, the place of supply would shift to India, resulting in such transactions being treated as import of services and attracting GST under the reverse charge mechanism.

By operation of Section 5(1) of the General Clauses Act, 1897, it takes effect from the date of enactment of the Finance Act i.e. 30 March 2026.

While the omission appears to be curative in nature and intended to resolve a drafting defect, the current view is that, unless clearly stated otherwise, it would operate prospectively from the date of enactment, i.e. 30 March 2026. Though reliance may be placed on Supreme Court's decision in Alom Extrusions Ltd. to argue that a curative amendment should also apply to past periods. Whether that argument succeeds will ultimately depend on how the legislature's intent is read and how the courts interpret the change.

Conclusion

The taxability of intermediary services under GST highlights the challenges that arise when statutory provisions deviate from fundamental tax principles. While the law seeks tax services based on their place of consumption, the special provision for intermediary services has often led to unintended consequences.

Judicial precedents have consistently emphasized that services provided on a principal-to-principal basis should not be classified as intermediary services. However, the absence of legislative clarity has resulted in continued disputes. The proposed omission of Section 13(8)(b) represents a positive step towards aligning the law with global best practices and reducing litigation.

Author's Note

The classification of intermediary services is highly fact-specific and requires a detailed examination of contractual arrangements and actual business practices. Taxpayers are advised to adopt a substance-over-form approach and ensure that their documentation clearly reflects the nature of services being provided, in order to mitigate litigation risks and ensure compliance with GST law.

Contributed by CA. Pooja Ramrakhyani



JUDICIAL PRONOUNCEMENTS

1. Where a registered dealer procured inputs, paid GST, and availed ITC, the denial of credit solely due to the supplier's non-payment—without findings of fraud, collusion, or lack of bona fides is unsustainable. [Malaya Rub-Tech Industries Versus Union of India –High Court of Tripura- Writ Petition (C) No. 849 of 2022- Dated 10-02-2026]

Background

- The Petitioner, a partnership firm in the rubber business, purchased raw materials from a supplier (Respondent No. 7) between March and November 2018.
- The Petitioner paid the applicable GST to the supplier and utilized the materials for manufacturing finished products, subsequently availing Input Tax Credit (ITC).
- The Department issued a Show Cause Notice (SCN) under Section 73(1) of the CGST Act alleging that ITC was wrongly availed for the period August 2017 to July 2019.
- An order was passed on February 17, 2022, confirming a demand of ₹22,09,964/- on the grounds that the supplier had not deposited the tax with the government.

Dispute Involved

- Whether Input Tax Credit can be denied to a purchasing dealer under Section 16(2)(c) of the CGST Act solely because the selling dealer failed to deposit the tax collected.
- Whether the statutory condition linking ITC to the supplier's deposit of tax should be "read down" to protect bona fide taxpayers from being penalized for the defaults of third parties.

Submissions by Assessee

- The transaction was entirely bona fide, and the Petitioner had no legal mechanism to compel the supplier to discharge their duty to the government.
- Penalizing a purchaser for a supplier's default, when the purchaser has already paid the tax to the seller, amounts to double taxation and violates Article 14 of the Constitution.
- Relied on the Tripura High Court's precedent in Sahil Enterprises vs. Union of India, which held that ITC should only be restricted where the transaction is fraudulent or collusive.

Submissions by Revenue

- Section 16(2)(c) of the CGST Act explicitly makes the entitlement of ITC subject to the condition that the tax charged in respect of such supply has been actually paid to the Government.

Key Legal Provisions

- Section 16(2)(c) of the CGST Act, 2017: Conditions for eligibility of ITC, specifically the requirement that tax must be paid to the government by the supplier.

- Section 73 of the CGST Act, 2017: Determination of tax not paid or ITC wrongly availed for reasons other than fraud or willful misstatement.
- Article 14 of the Constitution of India: The right to equality, used to challenge the "onerous burden" placed on bona fide purchasers.

Court's Decision

- Following the Sahil Enterprises ruling, the Court held that while the provision is constitutionally valid, it must be "read down" to protect bona fide purchasers.
- A purchaser cannot be asked to do the impossible—namely, ensuring that a third-party supplier actually deposits the collected tax with the government.
- There is nothing in the language in the Act which expressly enables the respondents to tax a purchaser, who has already paid taxes to the seller, a second time by denying him ITC in all situations
- Neither the SCN nor the final order contained any finding of collusion, fraud, or a non-bona fide transaction. The Revenue's invocation of Section 73 (non-fraud) rather than Section 74 (fraud) evidences this fact.
- Section 16(2)(c) cannot be interpreted to deny ITC to purchasers in a bona fide transaction, and it should be read down and applied only where the transaction is found to be not bona fide, or is a collusive transaction or fraudulent transaction to defraud the revenue.

Conclusion

- The transaction was held to be bona fide.
- The denial of ITC for the supplier's failure to make over the tax was declared unsustainable.
- The writ petition was allowed, the impugned order was set aside, and the authorities were directed to allow the ITC of ₹22,09,964/-.

2. Quasi-judicial authorities must not blindly rely on AI-generated citations or judgments without verifying the actual text; the use of non-existent or irrelevant case law in tax orders is a "worrying trend" that requires formal guidelines. [Marhabba Overseas Pvt. Ltd. Versus Union of India - High Court of Gujarat - Special Civil Application No. 229 of 2026 - Dated 20-02-2026]

Background

- The Petitioner challenged an order dated September 26, 2025, passed by the Additional Commissioner of Central GST and Central Excise.
- During the hearing, the Petitioner pointed out that the Commissioner had rejected four core defense submissions by citing judgments that were either non-existent or entirely unrelated to the issues at hand.
- Specifically, the Commissioner used these citations to justify:

- The non-supply of Relied Upon Documents (RUDs).
- Non-compliance with mandatory pre-notice requirements (DRC-01A).
- Delayed re-initiation of investigations for the same cause of action.
- Alleged violations of the principles of natural justice regarding response time.

Dispute Involved

- Whether a quasi-judicial order can be sustained when its findings are based on “flawed and deceptive” citations likely generated by Artificial Intelligence (AI).
- Whether guidelines are necessary to regulate how tax authorities refer to and verify legal precedents in their orders.

Submissions by Assessee

- The judgment in Coastal Container related to service classification, not the non-supply of RUDs as claimed by the Revenue.
- A cited Madras High Court ruling in NKAS Service (P) Ltd did not exist; the actual case was from the Jharkhand High Court and actually supported the taxpayer, not the Revenue.
- Citations regarding “manufacturing processes” under Excise law were wrongly used to answer defenses about “natural justice” in GST.
- The Petitioner urged the Court to prescribe guidelines to stop authorities from blindly following AI-generated case law.

Submissions by Revenue

- The Senior Standing Counsel for the Revenue was called upon by the Court to apprise them of these concerns by the next hearing date.

Key Legal Provisions

- Section 75 of the CGST Act, 2017: General provisions relating to the determination of tax and the requirement for a speaking order.
- Rule 142A of the CGST Rules, 2017: Procedural requirements for issuing Form GST DRC-01A.

Court’s Decision

- The Court found the Commissioner’s findings “flawed and deceptive,” noting that the officer appeared to have used AI-generated citations without reading the actual judgments.
- The Court expressed deep concern over authorities placing reliance on non-existent or irrelevant judgments to reject legitimate defenses.
- The Court determined this was a fit case to prescribe parameters/guidelines for quasi-judicial authorities to follow when citing High Court or Supreme Court rulings.

Conclusion

- The matter was stayed (interim relief granted to the Petitioner).
- Notice was issued to the Revenue to address the Court’s concerns regarding the blind use of AI in legal orders.

- The case is listed for further hearing on March 12, 2026, for the formulation of guidelines.

3. When a taxpayer does not respond to a notice sent via the GST portal, the Proper Officer must explore alternative modes of service prescribed under Section 169(1), preferably Registered Post with Acknowledgement Due (RPAD), to ensure the service is effective and not merely a “fulfilling of empty formalities”. [Praveen Constructions Versus State Tax Officer, Tirunelveli - High Court of Madras - W.P. (MD) Nos. 3342 to 3347 - Dated 06-02-2026]

Background

- The Respondent authority uploaded show cause notices and communications solely to the GST common portal.
- The Petitioner was unaware of these portal-based notices and consequently failed to file a timely reply.
- The Respondent subsequently passed six impugned assessment orders dated in January 2025, confirming the tax proposals without providing the Petitioner an opportunity for a personal hearing.

Dispute Involved

- Whether the mere uploading of a notice on the GST portal constitutes “effective service” when the taxpayer fails to respond.
- Whether an assessment order passed without a personal hearing, following a lack of response to portal-based notices, is sustainable under the GST Act.

Submissions by Assessee

- The Petitioner had no knowledge of the notices as they were only available on the portal.
- The impugned orders were passed in violation of the principles of natural justice, specifically the right to a personal hearing.
- The Petitioner expressed a willingness to deposit 25% of the disputed tax amount in each case to have the matters reconsidered.

Submissions by Revenue

- The Revenue argued that notices were indeed uploaded to the online portal, which the Petitioner failed to check.
- The Revenue’s counsel fairly admitted that no personal hearing was provided prior to passing the final orders.
- The Revenue agreed to a remand of the cases subject to the Petitioner’s proposed 25% tax payment.

Key Legal Provisions

- Section 169(1) of the CGST/TNGST Act, 2017: Prescribes various valid modes of service for any decision, order, summons, or notice.
- Section 75 of the CGST/TNGST Act, 2017: Contains general provisions relating to the determination of tax, including the requirement for a hearing.

Court’s Decision

- While portal service is technically sufficient, an Officer faced with a non-responsive taxpayer should apply their mind and use alternative modes under Section 169, such as RPAD, to achieve effective service.

- Merely passing ex-parte orders by fulfilling technical formalities leads to a multiplicity of litigation and wastes the time of the authorities and the courts.
- The Court found a clear lack of opportunity provided to the Petitioner due to the ineffective service of the notices.

Conclusion

- The High Court set aside the six assessment orders and remanded the matters for fresh consideration.
 - The Petitioner must pay 25% of the disputed tax amount for each case within four weeks.
 - Upon payment and filing of objections, the Respondent is directed to provide a 14-day clear notice and a personal hearing before passing new orders on merits.
- 4. Once a GST registration is cancelled or surrendered, an assessee is no longer required to monitor the GST portal; therefore, portal-based service alone is insufficient, and the Department must use alternative modes to ensure effective communication of notices. [Raj Shekhar Pandey Versus State Tax Officer - High Court of Uttarakhand - Writ Petition (M/B) No. 1140 of 2025 - Dated 16-02-2026]**

Background

- The Petitioner applied for the surrender/cancellation of his GST registration on April 29, 2023.
- Following the cancellation, the Department initiated proceedings by issuing a Show Cause Notice (SCN) dated November 16, 2024, which culminated in an adverse order on January 13, 2025.
- These proceedings were initiated and concluded entirely after the Petitioner's registration had already been surrendered or cancelled.

Dispute Involved

- Whether service of notice exclusively through the GST portal is legally valid under Section 169 of the CGST Act once a registration has been cancelled.
- Whether the Department is duty-bound to ensure effective service through alternative modes when an individual is no longer a registered person.

Submissions by Assessee

- Following the cancellation of registration, a person is not expected to continue checking the GST portal for communications.
- The Department must effect service through alternative modes to satisfy the requirements of natural justice.
- Relied on precedents from the Allahabad High Court (Ahs Steels and Katyal Industries) holding that portal-only service for non-registered persons is invalid.

Submissions by Revenue

- The Revenue admitted that the SCN and the subsequent order were issued after the Petitioner had surrendered or cancelled his registration.

Key Legal Provisions

- Section 169 of the CGST Act, 2017: Outlines multiple permissible modes of service, including direct tender, post, email, portal, and affixation.
- Section 75(4) of the CGST Act, 2017: Mandates an opportunity for a personal hearing where an adverse decision is contemplated or a written request is made.

Court's Decision

- The Court held that insisting on portal-based service for a person whose registration is cancelled amounts to imposing a duty the law does not contemplate.
- While making a notice available on the portal is a permissible method, the Department is duty-bound to ensure the method used actually communicates the notice to the assessee.
- Citing Supreme Court precedent (Radha Krishan Industries), the Court emphasized that fiscal adjudications must strictly comply with principles of natural justice and failure to afford a hearing renders the proceedings vulnerable.
- The statutory requirements of Section 169 were not satisfied as the Department failed to effect valid service.

Conclusion

- The High Court quashed the impugned order dated January 13, 2025.
 - The Petitioner was granted liberty to file a reply to the original SCN within two weeks.
 - The Department is permitted to pass a fresh order strictly in accordance with the law after providing a personal hearing as per Section 75(4).
- 5. The prohibition under Section 16(3) of the CGST Act applies only to the specific tax component on which depreciation is claimed; it does not disqualify a banking company from claiming Input Tax Credit (ITC) on the remaining 50% of the tax component for which no depreciation was sought. [M/S The South Indian Bank Ltd. Versus Joint Director DGGI & Ors. - High Court of Kerala - WP(C) No. 29087 of 2025 - Dated 18-02-2026]**

Background

- The Petitioners (South Indian Bank and Federal Bank) are banking companies that opted for the special procedure under Section 17(4) of the CGST Act.
- Under this option, they availed 50% of the eligible ITC every month, while the remaining 50% lapsed as per the statutory requirement.
- The banks capitalized the lapsed 50% portion into their assets and claimed depreciation on it under the Income Tax Act, 1961.
- The GST Department issued Show Cause Notices (SCNs) and an Order-in-Original alleging that by claiming depreciation on any part of the tax component, the banks became ineligible for ITC on the entire tax component under Section 16(3).

Dispute Involved

- Whether the prohibition in Section 16(3) extends to the portion of tax for which no depreciation was claimed.
- Whether a banking company, by claiming depreciation on the “lapsed” 50% tax portion, forfeits its right to claim ITC on the “availed” 50% portion.

Submissions by Assessee

- The restriction in Section 16(3) is intended solely to prevent a double benefit (claiming both ITC and depreciation on the same amount).
- Since the banks only claimed ITC on one half and depreciation on the other half, there is no overlap or double benefit.
- Rule 38 explicitly requires the non-availed 50% to be reversed or lapsed, effectively removing it from the “ITC pool”.

Submissions by Revenue

- Section 16(3) uses the term “the tax component,” which the Revenue interpreted as a complete prohibition on the entire tax amount if any part of it is subjected to a depreciation claim.

Key Legal Provisions

- Section 16(3) of the CGST Act: Disallows ITC if a registered person has claimed depreciation on the “tax component” of the cost of capital goods.
- Section 17(4) of the CGST Act: Provides banking companies an option to avail 50% of eligible ITC and let the rest lapse.
- Rule 38 of the CGST Rules: Outlines the procedure for banks to reverse the 50% non-admissible ITC.

Court’s Decision

- The Court held that this phrase refers specifically to the portion of tax for which depreciation is claimed, not the entire tax invoice.
- The Court confirmed that the petitioners did not receive a double benefit because the 50% used for ITC and the 50% used for depreciation were mutually exclusive.
- The 50% lapsed portion is treated similarly to tax attributable to “exempt supplies.” Since depreciation on tax related to exempt supplies does not block ITC on taxable supplies, the same logic applies here.
- Once the 50% credit lapses under Section 17(4), it loses its character as a “tax component” available for credit, making the Revenue’s restriction illogical.

Conclusion

- The Court quashed the Show Cause Notices and the Order-in-Original to the extent they restricted ITC based on Section 16(3) for the unavailed portion.
- The Revenue’s interpretation was declared to be beyond the scope of the Act.
- The Petitioners were granted liberty to pursue other statutory remedies for any remaining unrelated disputes in the Order-in-Original.

6. **Penalty under Section 122(1A) cannot be imposed on directors or employees of a company unless they are “taxable persons” who personally retained the benefits of the fraud; furthermore, penal provisions cannot be applied retroactively to periods before their enactment. [Amit Manilal Haria versus Joint Commissioner, CGST & Central Excise - High Court of Bombay - Writ Petition No. 5001/2025 - Dated 25-02-2026]**

Background

- The Petitioners were the Joint Managing Director, CEO, and CFO of M/s. Shemaroo Entertainment Limited.
- Following a search and investigation into alleged fake invoicing and circular trading, the Department issued Show Cause Notices (SCNs) to both the company and the individual petitioners.
- On February 1, 2025, an Order-in-Original was passed imposing a massive penalty of ₹133.60 crores each on the three petitioners under Section 122(1A) of the CGST Act .
- The penalties were proposed for the period spanning July 2017 to March 2022.

Dispute Involved

- Whether Section 122(1A) can be invoked against employees/directors who are not “taxable persons” and where there is no evidence of personal retention of financial benefits.
- Whether a penal provision (Section 122(1A)) introduced on January 1, 2021, can be applied retrospectively to acts committed between July 2017 and December 2020.

Submissions by Assessee

- Petitioners are employees and not “taxable persons” registered under the Act; therefore, Section 122(1A) is inapplicable.
- There was no material to show the petitioners personally retained any benefit from the alleged transactions.
- Section 122(1A) was brought into force only from January 1, 2021; applying it to earlier periods violates Article 20(1) of the Constitution.
- Relied on Shantanu Sanjay Hundekari, where the Bombay High Court (upheld by the Supreme Court) ruled that employees cannot be held vicariously liable for a company’s tax penalties.

Submissions by Revenue

- Petitioners were not mere employees but were controlling and managing the company, planning the alleged conspiracy.
- The term “any person” in Section 122(1A) is wide enough to include non-taxable persons who cause fake transactions.
- Since the SCN was issued when the law was in effect, it was correctly invoked for the entire investigation period.

Key Legal Provisions

- Section 122(1A) of the CGST Act: Targets persons who retain benefits of certain offenses (like fake invoicing) and at whose instance the transactions are conducted.
- Section 2(107) of the CGST Act: Defines a “taxable person” as one registered or liable to be registered.
- Article 20(1) of the Constitution of India: Prohibits the imposition of a penalty greater than what was permitted under the law in force at the time of the offense (Protection against ex post facto laws) .

Court’s Decision

- For a penalty to stick, the person must (1) retain the benefit of the transaction and (2) be the one at whose instance the transaction was conducted.
- The Court held that “any person” in sub-section (1A) must be understood in the context of a “taxable person” because the underlying offenses (clauses i, ii, vii, ix) can only be committed by a taxable person.
- The Court reiterated that GST law does not recognize a general principle of vicarious liability for employees or directors regarding the company’s tax defaults.
- The Court could not find any specific finding recorded in the impugned order that the benefit of the transactions covered under the said clauses was retained by the petitioners.
- Penalizing the petitioners for the period July 2017 to January 1, 2021, using a law that didn’t exist then is unconstitutional under Article 20(1).

Conclusion

- The petition succeeded.
 - The Order-in-Original dated February 1, 2025, was declared without jurisdiction and invalid to the extent it was issued to the petitioners.
 - All penalties imposed on the individual directors/officers were quashed.
- 7. The cancellation of GST registration based on a vague Show Cause Notice (SCN) and the “dictation” of investigative authorities—without independent evaluation by the Proper Officer—violates the principles of natural justice and constitutes an impermissible exercise of quasi-judicial power. [Ankit Choudhary versus Union of India - High Court of Gauhati - Writ Petition No. 875/2026 - Dated 17-02-2026]**

Background

- On August 25, 2025, the Proper Officer cancelled the Petitioner’s GST registration following a Show Cause Notice (SCN) dated September 10, 2025 (procedural sequence noted as inverted by the Court).
- The action was triggered by a communication from the Joint Director (investigating wing) to the Principal Commissioner, requesting cancellation while an investigation was still ongoing.
- The Petitioner’s application for revocation was

subsequently rejected on October 31, 2025, on the grounds that an interim investigation report by the DGGI alleged wrongful Input Tax Credit (ITC) of ₹8.26 crore not reflected in GSTR-2B.

Dispute Involved

- Whether an SCN for cancellation of registration is valid if it merely reproduces statutory language without disclosing foundational facts like tax periods, invoices, or specific suppliers.
- Whether a quasi-judicial authority can cancel a registration solely based on the direction or “dictate” of an investigative wing without independent application of mind.

Submissions by Assessee

- The SCN failed to disclose the tax period, specific invoices, or the suppliers involved, making it impossible to furnish an effective response.
- Quasi-judicial powers must be exercised independently and cannot be controlled or directed by superior administrative or investigative authorities.
- The language used in the revocation proceedings indicated the authority had already made up its mind before considering the Petitioner’s reply.

Submissions by Revenue

- The Revenue argued that there was no procedural lapse and that the entire exercise was carried out in strict adherence to the GST Act and Rules.

Key Legal Provisions

- Section 29 of the CGST Act, 2017: Governs the cancellation of registration.
- Rule 21(e) of the CGST Rules, 2017: Provides for cancellation where a person avails ITC in violation of the provisions of Section 16.
- Section 16 of the CGST Act, 2017: Details the conditions for eligibility to claim Input Tax Credit.

Court’s Decision

- A notice that baldly reproduces statutory provisions without particulars is not “due notice” and reduces the legal requirement to a “ritualistic recitation.”
- Citing Orient Paper Mills Ltd., the Court held that the Proper Officer surrendered their discretion to the investigating wing, which is a “constitutional imperative” violation.
- Cancellation of registration is a serious civil consequence and must not be used as a tool of coercion during an ongoing investigation.
- A quasi-judicial order must speak for itself. It must demonstrate application of the mind to the objection raised. The repetition of the investigative allegation, as the sole ground of rejection, is indicative of the mechanical exercise of power.

Conclusion

- The impugned SCN, the cancellation order, and the order rejecting revocation were set aside.

- The Petitioner’s registration was ordered to be restored forthwith.
 - The Revenue was granted liberty to initiate fresh proceedings only by issuing a detailed SCN specifying precise allegations, tax periods, and evidence.
- 8. Bail is denied to individuals accused of large-scale GST fraud, as economic offences constitute a “class apart” and must be treated with the same strict standards as heinous crimes due to their impact on the national economy. [Hari Shankar Sharma versus Union of India - High Court of Allahabad - Criminal Misc. Bail Application Nos. 45131, 45969 of 2025 and 261 of 2026 - Dated 27-02-2026]**

Background

- Based on intelligence from the Directorate General of GST Intelligence (DGGI), a consortium of inter-linked entities was found engaged in creating and circulating fictitious Input Tax Credit (ITC) without actual supply of goods.
- The applicants—Hari Shankar Sharma (Director of WMCA Trade Mart and Karta of an HUF), Deepak Jain (Proprietor of Madhuban Trading), and Sushant Goyal (Proprietor of Omtex)—operated a network of dummy firms.
- Scrutiny of returns (April 2020 to July 2025) revealed:
 - Madhuban Trading availed fraudulent ITC of ₹45.79 crores.
 - WMCA Trade Mart availed ineligible ITC of ₹15.48 crores.
 - Hari Shankar Sharma HUF availed fake ITC of ₹28.16 crores.
 - Omtex availed fraudulent ITC of ₹14.17 crores.
- The applicants were arrested and booked under Section 132 of the CGST Act.

Dispute Involved

- Whether the applicants are entitled to bail given that the investigation has concluded, the offence is triable by a Magistrate, and the maximum sentence is five years.
- Whether serious economic offences involving huge revenue loss should be treated differently from other crimes during bail considerations.

Submissions by Assessee

- The applicants claim they were falsely implicated and that their statements were coerced.
- The case is based on documentary evidence already with the department; hence, there is no chance of tampering.
- Relied on Vineet Jain and Ratnambar Kaushik, where the Supreme Court granted bail in similar cases due to the limited 5-year sentence and the time already served in jail.

Submissions by Revenue

- The applicants are the masterminds who used non-

existent firms and controlled brokers to defraud the exchequer .

- Economic offences uproot the financial structure of the country; therefore, bail principles for heinous crimes must apply.
- Given the scale of the fraud and the huge amount involved, there are high chances of the accused absconding or tampering with evidence.

Key Legal Provisions

- Section 132 of the CGST Act, 2017: Prescribes punishments for various offences, including wrongful availment of ITC.
- Section 483 of Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023: Provisions governing the grant of bail.

Court’s Decision

- Following Tarun Kumar vs. Asstt. Director, the Court noted that economic offences constitute a class apart and needs to be visited with advancement of technology and artificial intelligence and pose a serious threat to the country’s financial health.
- The Court in the case of Rakesh Mittal (supra) has clearly held that even if a case is triable by a Magistrate, bail can be denied if the illegal act makes the national economy vulnerable.
- The Court found sufficient material showing the applicants’ active involvement in deep-rooted conspiracies to siphon public money.

Conclusion

- The bail applications of all three applicants were rejected.
- The trial court was directed to proceed with the trial expeditiously.

- 9. The blocking of an Electronic Credit Ledger (ECL) under Rule 86A of the CGST Rules cannot exceed the statutory limit of one year; any continued restriction beyond this period is illegal and must be lifted immediately. [Jupiter Ventures versus Assistant Commissioner of Central Tax - High Court of Karnataka - Writ Petition No. 3353/2026 - Dated 25-02-2026]**

Background

- The Petitioner (Jupiter Ventures) challenged the action of the Respondent authorities in blocking their Electronic Credit Ledger (ECL) by invoking powers under Rule 86A of the CGST Rules, 2017.
- The blocking was purportedly effected on November 21, 2024.
- The Petitioner contended that the restriction remained active for over one year and two months, despite the statutory time limit.

Dispute Involved

- Whether the Department can continue to block the Electronic Credit Ledger beyond the one-year period stipulated under Rule 86A(3).

- Whether a pre-decisional hearing is mandatory before exercising power under Rule 86A.
- Whether the authorities are permitted to block the ledger when there is a nil credit or negative balance.

Submissions by Assessee

Rule 86A(3) explicitly states that restrictions cease to have effect after one year from the date of imposition.

Submissions by Revenue

- Counsel for the Respondents accepted notice; however, the Court focused on the clear statutory mandate regarding the time limit for the restriction.

Key Legal Provisions

- Rule 86A of the CGST Rules, 2017: Governs the conditions under which an officer can restrict the use of the amount available in the Electronic Credit Ledger.
- Rule 86A(3): Specifically mandates that such restrictions “shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.”

Court’s Decision

- Strict Statutory Timeline: The Bench observed that since the ledger was blocked on November 21, 2024, the restriction was deemed to have ceased operation exactly 12 months later.
- Illegal Continuance: Any blocking subsisting beyond the one-year mark is contrary to the mandate of Rule 86A(3) and is therefore declared illegal.
- Deemed Cessation: The Court emphasized that the restriction stops automatically by operation of law after the completion of twelve months.

Conclusion

- The writ petition was allowed.
- The Court declared the continued blocking of the Electronic Credit Ledger illegal.
- The Department was directed to unblock the Electronic Credit Ledger forthwith.

10. Where a GST registration is cancelled for non-filing of returns, the Proper Officer has the jurisdiction to drop the cancellation proceedings and restore the registration if the taxpayer furnishes all pending returns and pays the full tax dues along with interest and late fees. [Deepak Construction Co. Versus State of Assam - High Court of Gauhati - W.P. (C) No. 984 of 2026 - Dated 27-02-2026]

Background

- The Petitioner, a partnership firm, had its GST registration cancelled by the Deputy Commissioner of State Tax, Tinsukia, via an order dated July 21, 2024.
- The cancellation was initiated under Section 29(2)(c) of the CGST Act because the firm failed to furnish GST returns for a continuous period of six months or more.
- The Petitioner claimed they were unable to respond to

the initial Show Cause Notice (SCN) or visit the portal in time due to a lack of familiarity with online procedures.

Dispute Involved

- Whether a taxpayer whose registration has been cancelled for non-filing of returns can seek restoration by fulfilling all pending compliance requirements under the CGST Rules.
- Whether the “serious civil consequences” of registration cancellation justify a directed restoration process upon full payment of dues.

Submissions by Assessee

- The Petitioner expressed readiness and willingness to comply with the formalities prescribed under the proviso to Rule 22(4) of the CGST Rules, 2017.
- They undertook to file all pending returns and pay the outstanding tax, interest, and late fees.

Submissions by Revenue

- The Revenue opposed the petition on the grounds of delay.
- They requested that any order passed in this case should not be treated as a legal precedent.

Key Legal Provisions

- Section 29(2)(c) of the CGST Act: Empowers officers to cancel registration if a regular taxpayer fails to file returns for six continuous months.
- Rule 22(4) of the CGST Rules (Proviso): States that if a person, instead of replying to a cancellation notice, furnishes all pending returns and makes full payment of tax, interest, and late fees, the Proper Officer shall drop the proceedings and pass an order in FORM GST REG-20.

Court’s Decision

- The Court noted that the proviso to Rule 22(4) provides a specific remedy for taxpayers to rectify non-filing defaults even after an SCN is issued.
- The Court emphasized that the cancellation of registration has “serious civil consequences” (as it prevents a firm from legally conducting business), necessitating a fair opportunity for restoration.
- The Officer duly empowered has the clear authority and jurisdiction to drop proceedings if full compliance is demonstrated.

Conclusion

- The High Court disposed of the writ petition by directing the Petitioner to approach the competent authority within two months.
- If the Petitioner complies with all requirements (filing pending returns and paying all dues), the authority must consider the restoration of the GST registration and pass orders in accordance with the law.
- This process is to be completed expeditiously, preferably within 60 days.

Contributed by CA. Jaya Sharma & CA. Shikha

GST UPDATE

1. Enactment of the Finance Bill, 2026

The Finance Bill, 2026 was passed in the Lok Sabha on 25th March, 2026 and enacted on 30th March, 2026 after receiving the Presidential assent.

The amendments made by the Finance Act, 2026 in the CGST Act, 2017, shall become effective from a date to be notified by the Central Government except the following amendments which will be come effective as under :

- Insertion of sub-section(1A) in section 101A of the CGST Act, 2017 shall be effective from 1st April, 2026.
- Omission of sub section (8) of section 13 of the IGST Act, 2017 has become effective from 30th March, 2026.

2. Settlement of Funds Rules, 2026 Notified


- These Rules replace the 2017 rules and streamline GST fund settlement, effective retrospectively from 1st April 2025.
- These Rules establish a standardised and technology-driven framework for the apportionment


and settlement of IGST between the Centre and States, introducing automated monthly reporting, reconciliation mechanisms, and comprehensive coverage of cross- utilisation, refunds, and adjustments, along with clearly defined institutional roles and final settlement through RBI.


- It attempts to reduce revenue mismatches, delays and strengthen data-driven tax administration.
- Key features include:
 - Standardised Reporting System- Introduction of GST STL Forms for electronic reporting via GSTN.
 - Monthly Settlement Mechanism- Data compilation and reporting on a monthly basis (by 25th).
 - Automated & System-Driven Process- End-to-end electronic transmission and reconciliation of data.
 - Coverage of Adjustments- Includes refunds, reversals, ineligible ITC, demands and corrections.


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

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GSTN ADVISORIES

Advisory regarding confirmation of “Tax Liability Breakup, As Applicable” in GSTR-3B-reg

1. In terms of the provisions of Section 50 of the Central Goods and Services Tax (CGST) Act, 2017, interest is payable where the tax liability pertaining to a previous tax period is discharged in a subsequent tax period. Accordingly, the tab “Tax Liability Breakup, As Applicable” in Form GSTR-3B is meant to capture the tax liability relating to supplies of previous tax periods which are being reported and discharged in the current tax period.
2. From the February 2026 tax period onwards, the GST Portal auto-populates the “Tax Liability Breakup, As Applicable” in GSTR-3B on the basis of the document dates of supplies reported in GSTR-1 / GSTR-1A / IFF, where such supplies pertain to any previous tax period but the corresponding tax liability is being discharged in the current period’s GSTR-3B.
3. Accordingly, from the February 2026 tax period, after offsetting the liability in GSTR-3B, taxpayers are required to click on the “Tax Liability Breakup, As Applicable” tab available on the payment page and confirm the breakup of tax liability by clicking the “SAVE” button or edit the same, if required.
4. Once the breakup of tax liability is confirmed and saved, the taxpayer will be able to proceed with filing Form GSTR-3B using EVC or DSC.
5. Feedback has been received that this confirmation should be mandatory only in cases where supplies pertaining to previous tax periods have been reported in the current tax period. However, the confirmation is presently being required in all cases, including where the liability relates only to the current tax period. The feedback is acknowledged by GSTN and the same is under resolution.

6. Meanwhile, taxpayers are requested to kindly open the “Tax Liability Breakup, As Applicable” tab on the payment page and click “SAVE” within the tab for filing during the current reform cycle. Thereafter, filing of Form GSTR-3B can be completed normally.

Advisory on the Payment of pre-deposit while filing of appeal before First Appellate authority

1. Sometimes taxpayers voluntarily pay some amount during the investigation stage using Form GST DRC-03. Later, when the taxpayer wants to file an appeal application against the demand order issued after the investigation, they are required to pay a pre-deposit to file the appeal. However, many taxpayers complain that the GST portal still asks them to pay the pre-deposit even when they have already paid more than the required amount through Form GST DRC-03.
2. When a demand order (for example, Form GST DRC-07) is issued to a taxpayer, a Demand ID is created in Part II of the Electronic Liability Register on the GST portal. If the taxpayer makes a payment using the “Payment towards Demand” functionality on the portal, the amount is automatically adjusted against that Demand ID in the register. However, payments made through Form GST DRC-03 are not linked to the Demand ID and therefore do not appear as adjusted against the demand in the liability register.
3. While filing an appeal by Taxpayer, GST System auto calculates the required amount to be paid (i.e. Admitted amount + Pre-Deposit) and checks whether any amount is already paid by the taxpayer against the demand ID in the said liability register.
 - a. If such amount is equal to or greater than the required amount, then the portal will allow the taxpayer to file appeal without prompting for further payment. Portal will show the below message, if required amount is already paid the taxpayer.

Dashboard > Services > User Services > Payment Details English

Required Amount has been already paid. Please proceed with filing the application.

GSTIN/Temporary ID/UIN - 27LALAB1221EJZG **Legal Name -** AF COMPUTERS **Trade Name -** GSTN

Address - 252, Gold Hill Supreme, Shantipura Cross Roads, Electronic City Phase 2, , Thane, Maharashtra, 400123

Please note this data will be saved only when APL-01 is saved.

Disputed Amount/ Payment Details Indicates Mandatory Fields

Amount under Dispute

Description	Central tax (₹)	State/ UT tax (₹)	Integrated tax (₹)	Cess (₹)	
Tax/Cess	0	0	0	0	

- b. If such amount is lesser than the required amount, then Portal mandates the taxpayer for the payment of Balance payable.

Pre-deposit Payment made through DRC 03:

4. As explained earlier, any payment made through Form GST DRC-03 is not automatically recognized by the GST system against any specific Demand ID. Therefore, such payments are not considered by the system while calculating the pre-deposit amount required for filing an appeal. To ensure that the payment made through Form GST DRC-03 is counted against a particular demand order, the payment must be linked with the respective Demand ID by filing Form GST DRC-03A on the GST portal. Filing Form GST DRC-03A enables the payment made through DRC-

03 to be mapped to the corresponding demand order, and the entry for the same becomes available in the Electronic Liability Register.

5. Consequently, at the time of filing an appeal, the system will recognize the payment (made through DRC 03 and adjusted using DRC 03A) and will not require the taxpayer to pay any additional amount again while calculating the mandatory pre-deposit.

Accordingly, taxpayers are advised to file Form GST DRC-03A to link payments made through Form GST DRC-03 with the relevant demand order before filing an appeal, wherever applicable. To know how to link any demand ID with a particular Form GST DRC 03, through the Form GST DRC 03A, Please refer the manual in available in GST portal.

GST Compliance Schedule

Compliances for the month of April 2026

Forms	Compliance Particulars	Due Dates
GSTR 7	Return to be furnished by the registered persons who are required to deduct tax at source.	10.05.2026
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.	10.05.2026
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.	11.05.2026
GSTR 1A	Amendment of outward supplies of goods or services for the current tax period.	
IFF	Statement of outward supplies by the taxpayers having an aggregate turnover up to ₹ 5 crore and who have opted for the QRMP scheme.	13.05.2026
GSTR 5	Return to be furnished by the non-resident taxable persons containing details of outward supplies and inward supplies.	13.05.2026
GSTR 6	Return to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution.	13.05.2026
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.	20.05.2026
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.	20.05.2026
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.	25.05.2026
GSTR-11	Statement of inward supplies by persons having Unique Identification Number (UIN)	28.05.2026

QUIZ

- ABC Pvt. Ltd., located in India, acts as an intermediary between XYZ Inc. (USA) and a customer in Germany. ABC Pvt. Ltd. facilitates the supply of services between XYZ Inc. and the German customer and earns a commission from XYZ Inc. After the omission of Section 13(8)(b) of the IGST Act, determine the correct Place of Supply for the intermediary services provided by ABC Pvt. Ltd.**
 - Location of supplier (India), since intermediary services are always taxed in India
 - Location of recipient (USA), as per Section 13(2) of the IGST Act
 - Location of end customer (Germany), since service is ultimately consumed there
 - Place where services are performed (India)
- Mr. X has applied for payment of self-assessed tax in instalments. After paying the first three instalments, he defaults in payment of the fourth instalment. Which of the following statements is correct with regard to payment of self-assessed tax in instalments?**
 - Mr. X can make the payment of 4th instalment on the due date of 5th instalment.
 - The whole of the outstanding balance on the date of default shall become due and payable forthwith.
 - The 4th defaulted instalment is to be payable at the end after making payment of balance instalments.
 - None of the above
- Under Section 116 of the CGST Act, 2017, a taxpayer may be represented before an adjudicating or appellate authority by certain authorised persons. Which of the following persons is authorised to appear as a representative of the taxpayer?**
 - A relative or a regular employee of the taxpayer
 - An advocate entitled to practise in any court in India and not debarred from practice
 - A Chartered Accountant holding a certificate of practice and not debarred from practice
 - All of the above
- Which of the following is a non-appealable order under the CGST Act?**
 - Order determining tax liability under Section 73 of the CGST Act
 - An order passed by the Commissioner allowing payment of tax dues in monthly instalments under Section 80 of the CGST Act.
 - Order cancelling GST registration
 - Order imposing penalty for delayed filing of returns
- A Ltd., a holding company located outside India, provides centralized back-end support services such as accounting, ERP systems, server backup and legal support to its subsidiary B Ltd. in India. With reference to the time of supply under GST, which of the following statements is correct?**
 - The time of supply shall be the date of issue of self-invoice by B Ltd. or the date of payment, whichever is earlier.
 - The time of supply shall be the date immediately following sixty days from the date of issue of invoice by A Ltd.
 - The time of supply shall be the date of entry in the books of account of B Ltd. or the date of payment, whichever is earlier.
 - The time of supply shall arise only on the date of payment made by B Ltd. to A Ltd.
- If a supply is incorrectly classified as a composite supply instead of a mixed supply, which of the following will be affected?**
 - Supply
 - Place of supply
 - Rate of tax
 - Time of supply
- Which of the following categories of applicants is NOT required to mention a Permanent Account Number (PAN) while applying for GST registration?**
 - A non-resident taxable person
 - A person required to deduct tax at source under Section 51 of the CGST Act
 - A person required to collect tax at source under Section 52 of the CGST Act
 - All of the above
- Mr. A has purchased reimbursement mode a car insurance policy from JKL Assurance Co. After an accident, his car is being repaired by XYZ Ltd., the garage. XYZ Ltd. had issued an invoice for Rs. 1,00,000 in the name of the insurance company. However, JKL Assurance Co. approved a claim of only Rs. 60,000. Specify the amount on which JKL Assurance Co. is eligible to claim ITC.**
 - Nil
 - 40000
 - 60000
 - 100000
- Where goods are supplied between related persons, and the recipient is eligible for full input tax credit, the value of supply shall be:**
 - Open market value
 - Cost plus 10%
 - 90% of the price charged to an unrelated customer
 - The value declared in the invoice.
- Which of the following statements is correct?**
 - Input tax credit can be utilised for making payment of interest.
 - Tax payable under the reverse charge mechanism shall be paid only through the electronic cash ledger.
 - CGST liability can be discharged by utilising SGST input tax credit.
 - Only statement (i) is correct
 - Only statement (ii) is correct
 - Statements (i) and (iii) are correct
 - Statements (ii) and (iii) are correct

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

Name	Membership No.
CA. Tarun Kumar Goel	322356
CA. Anil Kumar	523137
CA. Dhaval Jariwala	623559
CA. Aditya Dhanuka	305212
CA. Chinay Solanki	420955

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/jbkdhhhpNvkYGEFp9>



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- Input Service Distributor and Job Work
- Finalization of accounts from GST perspective
- Exemptions under GST

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- Return & Payment of Tax
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