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A Ryan LLC Affiliate

Dimensions

Indirect Taxes Bulletin

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The background features a complex, low-poly geometric pattern. The majority of the space is filled with overlapping triangles in various shades of blue, ranging from a deep, dark navy to a lighter, medium blue. On the right side, there is a vertical strip of red, also composed of overlapping triangles, which contrasts with the blue. The overall effect is a modern, abstract, and textured background.

Judgements and Rulings

Levy of Service Tax/IGST on ocean freight in CIF contracts is illegal | Bombay High Court | Firmenich Aromatics Production India Private Limited¹

Issue for consideration

- Whether the levy of Service Tax/IGST on ocean freight under the reverse charge mechanism ('RCM') on importers concerning CIF contracts is legal, particularly when such services are provided by a person located outside India to another person outside India.

Facts

- The Petitioner is engaged in the import of goods into India under CIF ('Cost, Insurance and Freight') contracts, wherein the foreign supplier is responsible for arranging transportation and insurance of goods up to the Indian port.
- Under such contracts, the foreign exporter agrees with foreign shipping lines and bears the cost of ocean freight, which is embedded in the value of imported goods.
- The Indian importer neither contracts with the shipping line nor directly pays for transportation services.
- The Central Government, through various provisions of the Finance Act, 1994 and IGST Act, 2017, read with Notification Nos. 01/2017-ST, 14/2017-ST, 15/2017-ST, 16/2017-ST and 10/2017-IGST (Rate) sought to levy Service Tax/IGST on ocean freight under RCM by treating the importer as the deemed recipient of such services.
- Pursuant to these provisions, the department issued letters and a show cause notice to the Petitioner proposing to recover Service Tax/IGST on ocean freight.
- The Petitioner challenged:
 - The constitutional validity of the relevant provisions and notifications
 - The levy of tax on services provided and consumed outside India is being extra-territorial and violative of Article 245 of the Constitution; and
 - The imposition of tax liability on importers who are neither service providers nor recipients of ocean freight services.
- It was contended that:

- Ocean freight is already included in the assessable value of imported goods on which customs duty and IGST have been discharged; and
- Levying tax again on the ocean freight under RCM results in double taxation, which is contrary to the legislative intent.

Findings of the Court

- The Court noted that the issue stands squarely covered by its earlier decision in the case of **Sanathan Textiles Private Limited**,² which had comprehensively considered the judgment of the Gujarat High Court in **Sal Steel India Limited**³ and the Supreme Court decision in **Mohit Minerals Private Limited**.⁴
- In CIF contracts, the foreign exporter (not the importer) is the recipient of transportation services.
- The Indian importer has no privity of contract with the shipping line and does not pay ocean freight.
- Levying tax on importers under RCM amounts to taxing a third party, which is beyond the charging provisions of the law.
- The Court held that the reverse charge mechanism can apply only to the service recipient, not to a third party.
- Levy of IGST on ocean freight violates the concept of composite supply under Section 8 of the CGST Act, as ocean freight is already part of the value of imported goods on which IGST is paid.
- The impugned notifications were therefore held to be ultra vires the parent statutes.

Conclusion

- The levy of Service Tax or IGST on ocean freight value in CIF contracts under the Reverse Charge Mechanism is *ultra vires* the Finance Act, 1994 and the GST laws framework.
- Such levy suffers from the vice of extra-territorial taxation, lacking sufficient nexus in India, and is therefore constitutionally invalid under Article 245.
- Such imposition results in double taxation and violates the concept of composite supply under Section 8 of the CGST Act, as the value of ocean freight is already included in the assessable value of imported goods.

¹ Firmenich Aromatics Production India Private Limited vs Union of India & Ors [TS-172-HC(BOM)-2026-GST]

² Sanathan Textile Pvt Ltd vs. UOI &Anr. [TS-602-HC(BOM)-2022-GST]

³ Sal Steel India Limited & Ors vs Union of India [(2020) 82 GSTR 320 (Guj.)]

⁴ Union of India vs M/s Mohit Minerals Private Limited [2022 (61) GSTL 257 (SC)]

Dhruva Comments

This judgment reinforces the legal position settled in **Mohit Mineral's** case for GST and **Sal Steel's** case for service tax, that ocean freight included in CIF imports cannot be subjected to a separate levy under RCM, as it forms part of a composite supply already taxed at the time of import.

This ruling remains relevant for ongoing disputes, refund claims, and legacy litigation involving ocean freight under CIF contracts under service tax and GST.

No GST is leviable on assignment of leasehold rights | Bombay High Court | Hindustan Equipment Craft⁵

Issue for consideration

- Whether assignment of leasehold rights in land (along with building) by the lessee to a third party constitutes a “supply of service” liable to GST under Section 7 read with Schedule II of the CGST Act.

Facts

- The Petitioner held leasehold rights in an industrial plot allotted by MIDC for a period of 95 years, with a contractual right to transfer such leasehold interest subject to prior approval of MIDC.
- The Petitioner assigned its leasehold rights in the said plot, along with the factory building constructed thereon, to a third party for a consideration of INR 1.15 crores, after obtaining the requisite consent from MIDC and upon payment of transfer charges/additional premium.
- The department issued a show cause notice under Section 73 of the CGST Act alleging that GST is payable on such assignment.
- It was contended by the department that:
 - The transaction amounts to “supply of service” under Section 7, read with Schedule II (lease of land/building); and
 - Alternatively, it falls under “other miscellaneous services” taxable at 18% under Sr. No. 35 of the Notification No. 11/2017 CT (Rate) dated 28 June 2017.
- The Petitioner challenged the demand on the grounds that:
 - The transaction resulted in the complete extinguishment of its rights and was not in the nature of a lease or sub-lease

- It constituted a transfer of benefits arising from immovable property and
- Such transfer falls outside the ambit of “supply” under GST.

Findings of the Court

- The Court examined the statutory scheme of Section 7 and Schedule II of the CGST Act, noting that Clause 2(b) covers “lease or letting out of building”, and held that such provision cannot be extended to a transaction involving complete assignment and extinguishment of leasehold rights.
- The transaction was neither a lease nor a sub-lease and therefore fell outside the express language of Schedule II.
- An attempt to classify the transaction under “other miscellaneous services” under Sr. No. 35 of the Notification No. 11/2017 was categorically rejected, holding that the illustrative nature of such entry, covering washing, cleaning, dyeing, beauty, and physical well-being services, demonstrates its limited scope, which cannot be stretched to include transfer of rights in immovable property.
- On a substantive plane, a 95-year lease constitutes a long-term interest akin to leasehold ownership, and assignment thereof results in transfer of benefits arising from immovable property. Such a transaction is in the nature of a transfer of a capital asset and bears no nexus to any business activity carried out by the Petitioner, hence the essential requirement of “in the course or furtherance of business” under Section 7(1)(a) of the CGST Act is not satisfied.
- The Court found persuasive guidance in the judgment of the Gujarat High Court in **Gujarat Chamber of Commerce and Industry & Ors vs Union of India**⁶ wherein a detailed analysis of the nature of leasehold rights by reference to the Transfer of Property Act, 1882, Registration Act, 1908, and General Clauses Act, 1897, was conducted, and concluded that the assignment of such rights constitutes a transfer of benefits arising out of immovable property.
- It is held therein that such an assignment is neither covered by Section 7(1)(a) nor by Clause 5 of Schedule II and therefore falls outside the ambit of GST levy under Section 9 of the CGST/SGST Act.

⁵ Hindustan Equipment Craft vs Assistant Commissioner of State Tax [TS-170-HC(BOM)-2026-GST]

⁶ Gujarat Chamber of Commerce and Industry & Ors. Vs UOI & Ors [TS-03-HC(GUJ)-2025-GST]

- The binding nature of the Gujarat High Court’s decision was reinforced by reliance on **Commissioner of Income-Tax, Nagpur Vs. Smt. Godavaridevi Saraf Tumsar**⁷ which mandates that in the absence of contrary jurisdictional precedent, decisions of other High Courts must be followed by subordinate authorities.

Conclusion

- In the present factual matrix, the adjudication order and show cause proceedings were quashed and set aside as being without authority of law.
- The Court held that assignment of long-term leasehold rights in industrial land, resulting in extinguishment of the assignor’s interest and transfer of benefits in immovable property, does not constitute a “supply of service” under Section 7 of the CGST Act.

Dhruva Comments

The HC rules that assignment of leasehold rights (especially long-term industrial leases) is in the nature of a transfer of immovable property and falls outside the scope of GST.

However, the ruling has not addressed as to how the assignment of leasing rights, which itself is deemed as a service (in Schedule II of the CGST Act, 2017), qualifies as an immovable property.

Nevertheless, this issue is pending before the Supreme Court, and taxpayers should evaluate all aspects before relying on this ruling.

ITC benefit cannot be denied for supplier default in bona fide transactions | Tripura HC | Malaya Rub-Tech Industries⁸

Issue for consideration

- Whether Input Tax Credit (ITC) can be denied to a purchasing dealer under Section 16(2)(c) of the CGST Act on account of failure of the selling dealer to deposit tax with the Government, in the absence of any allegation or finding that the underlying transaction is not bona fide, or is collusive or fraudulent, and where proceedings have been initiated under Section 73 of the CGST Act.

Facts

- The Petitioner is a partnership firm engaged in the manufacture of rubber products, carrying on business across India, including Tripura.
- The Petitioner purchased raw materials from a registered supplier during the period 2018 and utilized such inputs in the manufacture of finished goods.
- The Petitioner paid consideration along with applicable GST to the supplier and availed ITC on such purchases under the bona fide belief that the supplier had duly deposited the tax with the Government.
- Subsequently, the department issued a show cause notice under Section 73 of the CGST Act, alleging wrongful availment of ITC and proposing recovery of approximately INR 22.09 lakhs on the ground that the supplier had failed to remit the tax.
- An order was passed confirming the demand and denying ITC to the Petitioner.
- The Petitioner challenged the demand, contending that:
 - The transactions were genuine and bona fide.
 - There is no mechanism under the GST law for the purchaser to ensure that the supplier deposits tax; and
 - Denial of ITC for the supplier’s default is unjust and beyond the scheme of the GST law.

Findings of the Court

- The Court placed significant reliance on judgement in **M/s Sahil Enterprises**⁹ wherein the constitutional validity and interpretation of Section 16(2)(c) of the CGST Act had been extensively examined.
- It noted that Section 16(2)(c) mandates that ITC is available only if the tax charged in respect of the supply has actually been paid to the Government.
- However, the Court emphasized that the provision does not distinguish between bona fide purchasers and those involved in fraudulent or collusive transactions, and that would lead to arbitrary and disproportionate consequences, particularly where the purchasing dealer has complied with all statutory requirements.
- Expecting a purchaser to ensure that the supplier deposits tax is practically impossible, as there is no statutory mechanism enabling the purchaser to verify actual tax payment by the supplier.

⁷ Commission of Income-Tax, Vidarbha and Marathwada, Nagpur Vs. Smt. Godavaridevi Saraf Tumsar [1978 (2) ELTJ 624 Bombay]

⁸ Malaya Rub-Tech Industries vs The Union of India & Ors. [TS-173-HC(TRI)-2026-GST]

⁹ Sahil Enterprises v. Union of India & Ors. [TS-02-HC(TRI)-2026-GST]

- Denial of ITC to a bona fide purchaser for the seller's default imposes an onerous and disproportionate burden, potentially violating Article 14 of the Constitution.
- Such an interpretation would render the provision vulnerable under Article 14 of the Constitution, as it would impose disproportionate consequences on bona fide taxpayers.
- The Court borrowed the principle of "reading down" as applied in Sahil Enterprises, whereby Section 16(2)(c) was upheld as constitutionally valid but restricted in its application only to cases involving non-genuine, collusive or fraudulent transactions.
- It was held that, in the present case, neither the show cause notice nor the adjudication order contained any allegation or finding that the transaction between the Petitioner and the seller was fictitious, collusive or intended to defraud revenue.
- Consequently, the Court held that denial of ITC solely on the ground of failure of the supplier to deposit tax would amount to penalising the purchaser for no fault of his, which is impermissible in law.

Conclusion

- Section 16(2)(c) of the CGST Act cannot be invoked to deny ITC to a purchasing dealer in cases of bona fide transactions where tax has been paid to the supplier and goods have been duly received and utilised.
- The provision must be applied only in cases involving fraudulent, collusive, or non-genuine transactions intended to evade tax.
- The writ petition was allowed, the adjudication order was set aside, and the Revenue was directed to forthwith grant ITC to the Petitioner.

Dhruva Comments

The judgment reinforces the principle that substantive ITC rights cannot be defeated due to vendor non-compliance, in the absence of fraud or collusion. The decision provides strong support for taxpayers in disputes involving Section 16(2)(c) of the CGST Act, particularly in cases where due diligence has been exercised.

Interestingly, Section 16(2)(c) of the CGST Act, has met with a mixed fate in constitutional courts. While the High Courts of Kerala, Patna, and Madhya Pradesh have upheld the provision

the High Courts of Assam, Tripura, Karnataka and Bombay have read down or upheld the challenge posed by taxpayers.

Limitation under Section 54 is mandatory, delay condonable only through writ jurisdiction | Karnataka High Court | Merck Life Science Pvt. Ltd¹⁰

Issue for consideration

- Whether a delay in filing a refund application under Section 54 of the CGST Act can be condoned, and whether the time limit prescribed in the said Section is mandatory or directory.

Facts

- The Respondent is engaged in providing intermediary services to foreign entities, and for the tax period October 2017, it treated its services as "export of services" and discharged tax liability by paying IGST.
- Subsequently, the Respondent re-evaluated the transaction and concluded that the nature of supply was intra-State and thus discharged CGST and SGST liability in March 2018.
- Since the earlier payment of IGST was held erroneous, the Respondent sought a refund of such tax under Section 54 of the CGST Act.
- In the interim, Notification No. 35/2021 dated 24.09.2021 inserted Rule 89(1A) to the CGST Rules prescribing the procedure and timelines for claiming refund in cases where a supply is considered intra-State but subsequently qualifies as an inter-State supply, along with a transitional window of two years from the date of insertion to file refund claims pertaining to earlier periods.
- The refund application was filed on 30 March 2024, which was beyond the general limitation period of two years under Section 54 and even beyond the extended window provided under Rule 89(1A) of the CGST Rules.
- The refund claim was accordingly rejected by the department on the grounds of limitation.
- The Respondent challenged the rejection before the High Court. The Single Judge allowed the petition, holding that the time limit under Section 54 is directory and a refund cannot be denied when tax has been wrongly paid.
- Aggrieved, the Revenue preferred an appeal before the Division Bench.

¹⁰ Merck Life Science Private Limited vs The Union of India & Ors [2025 (11) TMI 1419]

Findings of the Court

- The Court undertook a detailed examination of the scheme of the CGST Act, emphasizing that the statute is a time-bound code, where both taxpayer compliances and departmental actions are governed by strict timelines.
- It observed that Section 54 of the CGST Act prescribes a specific limitation period of two years, linked to the concept of “relevant date”.
- The limitation period is not incidental but is integral to maintaining certainty and finality in tax administration.
- In the absence of any statutory provision permitting condonation of delay, the time limit must be treated as mandatory and not directory
- The use of the word “may” in Section 54 does not render the provision directory, as the nature of the provision must be determined from the statutory context and purpose.
- The Court further analysed the interplay between Section 54 (refund) and Sections 73 and 74 (demand/recovery provisions) and held that:
- The two-year limitation for refund is closely linked to the timelines available to the department for initiating proceedings.
- Allowing refund claims beyond the limitation without corresponding extension given to the department in demand and recovery provisions would disturb the statutory balance and render the scheme unworkable.
- The proper officer has no discretion to entertain a refund claim filed beyond the prescribed period. In the absence of enabling provisions, authorities cannot relax statutory timelines on equitable grounds.
- However, the Court recognized that the CGST Act does not provide any mechanism to address genuine hardship arising from the delay in filing refund claims. In such cases, taxpayers are not left remediless and may invoke writ jurisdiction under Article 226.
- The Court held that:
 - The Proper officer does not have the powers to condone delay however in genuine case the HC can condone such a delay, provided it is accompanied by corresponding extension of time in favour of the proper officer to invoke other applicable provisions, including Sections 73 and 74 of the Act.

- In the present case, there was six months of delay, and the case involved double payment of tax, which warranted equitable intervention.
- Accordingly, the Court held that the refund application should be treated as filed within time and considered on the merits.

Conclusion

- The limitation period under Section 54 is mandatory and cannot be relaxed by tax authorities. However, delay may be condoned by the High Court under Article 226, subject to necessary safeguards for the Department.
- The refund claim was directed to be processed on merits after condonation of the delay.

Dhruva Comments

This ruling strikes a nuanced balance between strict statutory interpretation and equitable relief, by affirming that the limitation under Section 54 of the CGST Act is mandatory while simultaneously recognizing the role of constitutional courts in addressing genuine hardship.

The judgment is particularly significant for cases involving double payment of tax, and cases wherein genuine hardships led to delays in performing compliance under the GST law.

Consolidated SCN for multiple years impermissible even in fraud cases | Bombay High Court | Bhawana Steel Traders¹¹

Issue for consideration

- Whether GST authorities can issue a single consolidated show cause notice (SCN) under Section 74 of the CGST Act covering multiple financial years, particularly in cases involving alleged fraudulent availment of ITC.

Facts

- The Petitioner was issued a show cause notice dated 06 June 2025 under Section 74 of the CGST Act, alleging suppression of taxable value and short payment of GST.
- The SCN covered an extended period spanning FY 2018-19 to FY 2023-24, consolidating multiple financial years into a single proceeding.
- An order was subsequently passed confirming the demand based on the said SCN.

¹¹ Bhawana Steel Traders Versus Joint Director, DGGI, Nagpur and Anr. [2026 (3) TMI 295]

- The Petitioner challenged the SCN and order before the High Court on the ground that the GST framework mandates year-wise assessment, and clubbing multiple financial years in a single SCN is contrary to the statutory scheme.
- The Revenue contended that since the case involved fraudulent availment of ITC, issuance of a consolidated SCN was justified.
- Reliance was placed on the Delhi High Court decision in **Mathur Polymers**¹², which permitted consolidated notices in fraud cases.

Findings of the Court

- Sections 73(10) and 74(10) of the GST Act prescribe separate limitation periods for each financial year, computed from the due date of filing annual returns.
- The statutory framework contemplates year-wise determination of tax liability, and not a consolidated approach.
- There is no provision under Section 74 permitting the issuance of a consolidated show cause notice covering multiple financial years.
- Clubbing of tax periods would effectively merge separate limitation periods, which is impermissible under the statute.
- Importantly, the Court categorically rejected the Revenue's contention that consolidation is permissible in cases involving fraudulent availment of ITC, holding that Section 74 does not create any distinction allowing consolidation of multiple years even in fraud cases.
- The only distinction under Section 74 and Section 73 is the extended limitation period of five years, and not the manner of issuing notices.
- Allegation of fraud cannot be used as a ground to override the statutory structure of year-wise assessment
- The Court relied on its earlier rulings in **Milroc Good Earth Developers**¹³ and **Rite Water Solutions**¹⁴, which had already settled that consolidated SCNs are impermissible under the GST law.

Conclusion

- Issuance of a consolidated SCN covering multiple financial years is impermissible, even in cases involving fraud under Section 74 of the GST Act.
- The SCN and adjudication order were quashed and set aside.
- Liberty was granted to the Revenue to issue fresh notices for each financial year separately, in accordance with the law.

Dhruva Comments

While an earlier contrary view was taken by the Bombay High Court in **Riocare India Pvt. Ltd.**¹⁵, the present ruling, following the precedents laid down in **Milroc Good Earth Developers** and **Rite Water Solutions**, reiterates the principle of year-wise assessment under GST, affirming that this statutory discipline cannot be diluted even in cases involving allegations of fraud. It is, however, pertinent to note that a batch of petitions challenging the validity of bunching of SCN is presently pending before the Principal Bench of the Bombay High Court, and the issue is yet to attain finality. The legal position in this regard must therefore be treated as unsettled, and developments in these proceedings warrant close monitoring.

ITC to be distributed only upon statutory availability, not invoice date | Madras High Court | Reliance Jio Infocomm Ltd¹⁶

Issue for consideration

- Whether ITC under the Input Service Distributor ('ISD') mechanism is required to be distributed in the same month as receipt of invoice, or only in the month in which such ITC becomes legally available under Section 16 of the CGST Act.

Facts

- The Petitioner, a telecom service provider with multiple GST registrations across India, applied the ISD mechanism to distribute ITC of common input services received at its head office.
- Section 20 of the CGST Act read with Rule 39(1)(a) of the CGST Rules governs the distribution of ITC by ISD, with

¹² Mathur Polymers vs Union of India & Ors [2025 (9) TMI 112]

¹³ Milroc Good Earth Developers vs Union of India & Ors [2025 (10) TMI 867]

¹⁴ Rite Water Solutions (India) Limited vs Joint Commissioner, CGST & Central Excise, Nagpur & Ors [2025 (11) TMI 1939]

¹⁵ Riocare India Pvt. Ltd. vs Asst. Commissioner, CGST [2025 (95) G.S.T.L. 39 (Bom.)]

¹⁶ Reliance Jio Infocomm Limited vs Union of India & Ors [2026 (3) TMI 298]

Rule 39(1)(a) providing that ITC “available for distribution in a month shall be distributed in the same month.”

- The Petitioner, due to operational and compliance constraints, distributed ITC in subsequent months instead of the month of receipt of invoices.
- The department issued show cause notices alleging violation of Rule 39(1)(a), contending that ITC must be distributed in the same month in which the invoice is received.
- The Petitioner challenged the demand as well as the validity and interpretation of Rule 39(1)(a), contending that:
 - Prior to the amendment (w.e.f. 01.04.2025), Section 20 did not prescribe any time limit
 - The Rule cannot impose a substantive restriction beyond the parent statute; and
 - ITC cannot be distributed unless it becomes legally available.

Findings of the Court

- Section 16(2) of the CGST Act prescribes mandatory and cumulative conditions for the availment of ITC, including receipt of goods/services, payment of tax by the supplier, and furnishing of returns
- ITC does not accrue merely upon receipt of an invoice; it becomes available only upon fulfilment of the entire statutory chain, including reporting and reflection in Form GSTR-2B.
- The statutory framework clearly distinguishes between entitlement to ITC under Section 16 and distribution of ITC under Section 20 of the CGST Act, with the latter being dependent on the former.
- What is distributed under the ISD mechanism is “input tax credit” and not the invoice, and therefore, distribution cannot precede legal availability of such credit.
- The expression “ITC available for distribution” in Rule 39(1)(a) must be interpreted in harmony with Section 16, and not in isolation.
- The Court rejected the Revenue’s contention that ITC must be distributed in the same month as receipt of the invoice, holding that such an interpretation disregards the conditional nature of ITC.
- Distribution based solely on invoice date would lead to absurd and unworkable consequences, including the distribution of ITC before it becomes legally admissible

- The Court adopted a purposive interpretation, holding that ITC becomes “available for distribution” only when it is legally available under Section 16(2).
- Rule 39(1)(a) was upheld as valid but clarified to mean that ITC must be distributed in the month of legal availability, and not the month of invoice.
- The Court relied on settled principles including decisions in *VKC Footsteps*¹⁷ and *India Agencies*¹⁸ that ITC is a statutory benefit subject to strict compliance with prescribed conditions.

Conclusion

- ITC under the ISD mechanism can be distributed in the month in which such credit becomes legally available under Section 16 of the CGST Act, and not merely upon receipt of the invoice.
- Rule 39(1)(a) of the CGST Rules was upheld as valid but aligned with Section 16, clarifying that “ITC available for distribution” refers to legally admissible credit.
- The underlying demands based on invoice-date distribution were set aside, with relief granted to the Petitioner in accordance with the law.

Dhruva Comments

The ruling reinforces the primacy of statutory conditions under Section 16 of the CGST Act, holding that ITC distribution under the ISD mechanism is contingent upon legal availability of credit and not mere receipt of invoices. The judgment is significant for multi-registration businesses, as it mitigates compliance risks arising from timing mismatches and affirms that procedural rules cannot compel the distribution of ineligible or uncrystallised ITC.

¹⁷ Union of India vs VKC Footsteps India Private Limited [(2022) 15 SCC 603]

¹⁸ India Agencies vs CCT [(2005) 2 SCC 129]

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Regulatory Updates

DGFT Notification¹⁹ | Withdrawal of 50% cap on RoDTEP benefits

- DGFT has restored the RoDTEP rates and value caps as was applicable on 22 February 2026. The restoration is effective for the period from 23 February 2026 to 31 March 2026 and for the period thereafter, for all eligible export products.
- The notification supersedes Notification No. 60/2025-2²⁰ and its corrigendum²¹, thereby effectively withdrawing the earlier 50% reduction in RoDTEP benefits.

DGFT Notification²² | Extends RoDTEP Scheme

- DGFT has extended the RoDTEP scheme up to 30 September 2026.
- The RoDTEP benefits shall be available at the rates and value caps in force as of 31 March 2026 for all eligible export products.

CBIC Notification²³ and Circular²⁴ | Introduction of Payment Aggregators as an Authorised Mode for Customs Duty Payment on ICEGATE

- The Notification amends the Customs (Electronic Cash Ledger) Regulations, 2022, to formally introduce “payment aggregator” as an additional recognised mode for making deposits in the Electronic Cash Ledger.
- Specifically, it inserts a new clause in Regulation 3(6) allowing deposits through a payment aggregator, and correspondingly amends Regulation 3(7) to include this mode alongside existing channels such as internet banking through authorised banks

DGFT Notification²⁵ | Restriction on Import of Certain Jewellery Items

- DGFT has amended the import policy for specific jewellery items classified under ITC (HS) codes 71131144 and 71131145 under Chapter 71 of ITC (HS), 2022.
- The import policy for these items has been revised from “Free” to “Restricted”, thereby requiring import authorisation for import of such goods.

- The revised restriction is effective immediately and shall remain applicable up to 30 June 2026.

DGFT Public Notice²⁶ | Extends Gold TQR validity under India-UAE CEPA

- The DGFT has extended the validity of Tariff Rate Quota (TQR) Authorisation for import of gold under the India-UAE Comprehensive Economic Partnership Agreement (CEPA), classified under Tariff Head 7108.
- The extension applies to authorisations issued in FY 2025-26 whose validity was originally set to expire on 31st March 2026 and now stands extended up to 30th June 2026.
- The extension operates automatically without requiring any separate application, composition fee, amendment or endorsement.

GST Notification²⁷ | Goods and Services Tax Settlement of Funds Rules, 2026

- The Government has notified the Goods and Services Tax Settlement of Funds Rules, 2026, superseding the earlier 2017 rules, to govern the mechanism for settlement of funds between the Centre and States under GST.
- The rules prescribe a detailed framework for reporting, reconciliation and transfer of funds arising from cross-utilisation of ITC, apportionment of IGST, refunds, recoveries and other adjustments between the Centre and States/UTs.

DGFT Notice²⁸ | Amendments to guidelines for interest subvention support for Pre-and-Post Shipment Export Credit

- The DGFT has issued a clarification to the Interest Subvention Scheme for pre-and-post-shipment export credit under EPM to provide operational clarity, including eligibility conditions, timelines and compliance requirements.
- Key changes include mandatory generation of UIN before disbursal, a cap of ₹50 lakh per IEC across banks, and restriction of benefits only for eligible tariff lines and post-notification disbursements.

¹⁹ Notification No. 66/2025-26 dated 23 March 2026

²⁰ Notification No. 60/2025-26 dated 23 February 2026

²¹ Dated 24th February 2026

²² Notification No. 74/2025-26 dated 31 March 2026

²³ Notification No. 30/2026-Customs (N.T.) dated 24th March 2026

²⁴ Circular No. 13/2026-Customs dated 24th March 2026

²⁵ Notification No. 63/2025-26 dated 16 March 2026

²⁶ Public Notice No. 53/2025-26 dated 24 March 2026

²⁷ F. No. S-31011/96/2025-ST-I-DoR- G.S.R. 225(E) - Central GST (CGST)- dated 30 March 2026

²⁸ Trade Notice No. 33/2025-26 dated 20 March 2026

- The notice also prescribes procedural requirements for banks, such as portal-based claim submission, reporting obligations, and ensures that interest subvention is applicable only for the actual period of credit utilisation.



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