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# Dimensions

# Indirect Taxes Bulletin

June 2026

# Judgements and Rulings

## Construction of roads under BOT (Toll) model in exchange for toll collection rights constitutes barter and concessionaire liable to tax for works contract services supplied | Rajasthan High Court | CG Tollway Ltd[1].

### Issue for consideration

- Whether a concessionaire operating under a Design, Build, Finance, Operate and Transfer ("DBFOT")/BOT (Toll) model, who constructs and maintains a national highway for NHAI in exchange for the right to collect toll from road users, is liable to pay GST on such construction and maintenance activity as a "works contract service".
- Whether the toll collection rights granted by NHAI to the concessionaire constitutes "consideration" received, in barter for the construction services supplied, thereby making the transaction a taxable "supply" under Section 7 of the CGST Act, 2017.
- Whether the GST exemption under Entry 23 of Notification No. 12/2017-CT(Rate) covering "service by way of access to a road or bridge on payment of toll" extends to cover the concessionaire's construction services provided to NHAI.
- Whether by application of theory of accretion, the concessionaire is liable to pay GST, given that the EPC sub-contractor had already discharged GST on the construction works.

### Facts

- The Petitioner, CG Tollway Ltd. (concessionaire), entered into a concession agreement dated December 9, 2016, with NHAI for the expansion of NH-79 in Rajasthan on BOT (Toll) Mode.
- Under the agreement, the concessionaire was required to design, build, finance, operate and transfer the highway after a period of 45 years.
- In consideration, NHAI granted to the concessionaire, the exclusive right to collect toll from the users of the highway during the concession period of 45 years, along with leave and licence over the project land.
- The concessionaire was obligated to pay NHAI a concession fee during the concession period.
- The actual construction work was sub-contracted by the Petitioner to IRB Infrastructure Developers Limited, which discharged GST on the EPC/works contract services rendered by them to the Petitioner.
- During the GST audit, it was noted that the Petitioner had not discharged GST on the construction services rendered to NHAI. A Show Cause Notice (SCN) dated September 29, 2023 was issued, and thereafter an order dated December 14, 2023 was passed holding the Petitioner liable for GST of Rs. 16,36,20,418/- along with penalty at 10% and interest.
- The Petitioner's appeal was dismissed by the Appellate Authority vide order dated May 9, 2025. A subsequent recovery intimation dated June 6, 2025 was also issued. The Petitioner challenged the order before the Rajasthan High Court.
- The Petitioner contended that:
  - Services were not provided to NHAI and hence there is no taxable supply leviable to GST;
  - the only consideration received was toll collected from road users, which was exempt under Entry 23 of Notification No. 12/2017-CT(Rate);
  - the CBIC Circular dated June 17, 2021 (Circular No. 150/06/2021-GST) and a CBIC communication clarified non-applicability of GST on BOT (Toll) transactions;
  - as the EPC sub-contractor had already discharged GST, the concessionaire need not discharge GST based on theory of accretion;

### Findings of the Court

- The Court held that the transaction between NHAI and the concessionaire wherein toll rights were granted in exchange for works contract services is a barter and, qualifies as a "supply" under Section 7 of the CGST Act, which expressly includes the term barter.
- The Court rejected applicability of Entry 23 of Notification No. 12/2017-CT(Rate) which exempts "service by way of access to a road or bridge on payment of toll" on the grounds that, as per the Circular dated June 17, 2021[2], the toll collection rights received by the concessionaire constituted deferred/annuity consideration for construction

[1] CG Tollway Ltd. v. Union of India & Ors, TS-393-HC(RAJ)-2026-GST

[2] Circular No.150/06/2021-GST dated June 17, 2021

services and Entry 23A does not cover provide exemption to construction services

- On the theory of accretion argument, the Court rejected the Petitioner's reliance on the Supreme Court's judgment in Larsen & Toubro Ltd[3], noting that said judgment pertained to VAT which was related to taxation of goods and not services, whereas GST is levied on the supply of services.
- The Court emphasized that there existed two distinct contracts, one between NHAI and the concessionaire, and another between the concessionaire and the EPC sub-contractor IRB Infrastructure with no privity between NHAI and the sub-contractor. The sub-contractor's discharge of GST on EPC services to the concessionaire was a separate transaction from the concessionaire's works contract supply to NHAI.
- The Court endorsed and followed the reasoning of the Telangana High Court in GMR Pochanpalli Expressways Limited[4] , which had also upheld the Circular dated June 17, 2021 and held that construction services under Heading 9954 are not exempt from GST, even where consideration is received in the form of deferred annuity/toll.

Conclusion

- The writ petition was dismissed. The order in original and the Order in Appeal were upheld, confirming GST liability, along with penalty and interest on the Petitioner.

**Dhruva Comments**

The decision establishes that the grant of toll collection rights by NHAI to a concessionaire constitutes non-monetary consideration in barter for the works contract services rendered by the concessionaire, making the transaction a taxable supply under GST.

Further, this ruling is contrary to the Judgement of the Karnataka HC in DPJ Bidar[5], which held that annuity and toll are economically equivalent forms of consideration for road projects and are therefore exempt from GST.

Further in the GST Council's 22nd meeting dated October 6, 2017, the Council expressly recommended treating annuity at par with toll and extending the exemption accordingly.

However, the exemption notification ultimately issued was narrower than the Council's stated intent, leading to interpretational disputes and the subsequent issuance of Circular No. 150/06/2021-GST pursuant to the 43rd GST Council meeting, where the Council clarified that construction of road services under Heading 9954 are not exempt even where consideration is received in the form of deferred annuity/toll, thereby effectively walking back from what the 22nd Council meeting had recommended.

The ruling draws a clear distinction between Entry 23 exemption (covering access to road/bridge on payment of toll under Heading 9967) and construction services under Heading 9954 and holds that the toll received by a concessionaire as deferred consideration for road construction is akin to an annuity for construction services, which is taxable.

The decision rejected the application of theory of accretion under GST on the reasoning that there existed two distinct contracts, one between NHAI and the concessionaire, and another between the concessionaire and the EPC sub-contractor with no privity between NHAI and the sub-contractor

## No separate IGST levy on Indian vessel operator for transportation services forming part of CIF import transaction | Bombay High Court | Midas Tankers Private Limited[6]

Issue for consideration

- Whether transportation services rendered by an Indian vessel operator to a foreign seller in relation to goods imported into India on a CIF (Cost, Insurance and Freight) basis can be subjected to a separate levy of IGST, under forward charge, in the hands of the vessel service provider, when IGST/customs duty has already been discharged by the importer on the

[3] State of Andhra Pradesh v. Larsen & Toubro Ltd, (2008) TIOL-158-SC-VAT

[4] GMR Pochanpalli Expressways Limited v. Additional Director, 2024 SCC OnLine TS 3988

[5] DPJ Bidar-Chincholi (Annuity) Road Project Pvt. Ltd. v. UOI, TS-364-HC(KAR)-2022-GST

[6] Midas Tankers Private Limited v. UOI, TS-341-HC(BOM)-2026-GST

composite import value inclusive of the freight component.

- Whether the place of supply of transportation services linked to CIF imports is determinable under Section 13(9) of the IGST Act (i.e., India) or under Section 13(2) of the IGST Act (i.e., location of the recipient-outside India), particularly after the omission of Section 13(9) with effect from October 1, 2023.
- Whether the omission of Section 13(9) of the IGST Act, without a savings clause, operates retrospectively.

## Facts

- The Petitioner, Midas Tankers Private Limited, is engaged in providing vessel transportation services on a hire and freight basis and is registered under the CGST Act, 2017.
- The Petitioner rendered transportation services to a foreign seller, in relation to goods imported into India on a CIF basis. The supplier of service (Petitioner) was located in India, while the recipient of service (foreign seller) was located outside India.
- During audit proceedings, the Department alleged that the place of supply of the said services for the period 2021-22 was determinable under Section 13(9) of the IGST Act, i.e., India, thereby making the Petitioner liable to pay IGST under forward charge on such transportation services.
- A Show Cause Notice (SCN) was issued treating the place of supply as India and proposing levy of IGST under forward charge. Despite a pending writ petition challenging the SCN proceedings, the Department confirmed the demand, which was subsequently challenged by the Petitioner before the Bombay High Court.
- The Petitioner contended that:
  - Goods were imported on CIF basis and customs duty had already been discharged by the importer on the composite value inclusive of freight, a separate levy of IGST on the transportation service would amount to double taxation, placing reliance on the Supreme Court's Judgement in Mohit Minerals Pvt. Ltd[7].
  - Upon omission of Section 13(9) of the IGST Act, with effect from October 1, 2023, the place of supply would be determined under Section 13(2) of the IGST Act, i.e., the location of the recipient being outside India, rendering the demand without jurisdiction
  - The was SCN was liable to be quashed on procedural grounds, including absence of a Documentation Identification Number (DIN) and reference number.

## Findings of the Court

- The Court held that where goods are imported on a CIF basis and customs duty has already been discharged on the freight component as part of the composite import value, the same freight component cannot again be subjected to a separate levy of IGST in the hands of the Indian vessel service provider under forward charge.
- The transportation service formed part of a composite CIF import transaction and could not be artificially segregated for the purpose of imposing a separate levy of IGST. Such an artificial segregation would be contrary to Section 8 of the CGST Act and the overall GST framework governing composite supplies.
- The Court held that the facts were squarely covered by the Supreme Court's decision in Mohit Minerals wherein it was categorically held that in a CIF contract, the supply of goods is accompanied by transportation and insurance services forming a bundle of supplies between the foreign exporter and Indian importer, on which IGST is payable under Section 5(1) of the IGST Act read with Section 20 of the IGST Act and Section 8 and Section 2(30) of the CGST Act. Thus, to levy IGST separately on the service component would violate Section 8 of the CGST Act and the overall scheme of GST legislation.
- The Court also held that the Revenue had incorrectly invoked Section 13(9) of the IGST Act in the present facts.

## Conclusion

- The Bombay High Court quashed the SCN and the consequential demand order. The Respondents were directed to grant the consequential refund along with applicable interest.

[7] Union of India Vs. Mohit Minerals Pvt. Ltd, TS-246-SC-2022-GST

**Dhruva Comments**

By extending the Supreme Court's reasoning in Mohit Minerals to the forward charge situation of an Indian vessel operator, the Bombay High Court has reaffirmed that a CIF import transaction must be viewed holistically and not artificially split for the purpose of multiple tax levies. The decision is particularly relevant for Indian shipping lines and vessel operators facing IGST demands on transportation services linked to CIF imports, notwithstanding IGST already having been discharged on the composite import value inclusive of freight.

The ruling therefore provides strong support against a separate levy on the freight component merely because one leg of the transaction independently satisfies the place of supply provisions under the IGST Act.

## Corporate guarantees issued to subsidiaries without consideration do not constitute taxable supply; Rule 28(2) of the CGST Rules is not ultra vires | Bombay High Court | D.P. Jain & Co. Infrastructure Private Limited[8]

### Issue for consideration

- Whether corporate guarantees issued by a holding company to its subsidiary companies, where no fee, commission, security or other consideration was received or payable, constitute a taxable "supply of service" under Section 7 of the CGST Act, 2017.
- Whether the arrangement renders that Circular Nos. 204/16/2023-GST and 225/19/2024-GST, which treat corporate guarantees as taxable supplies and prescribe valuation at 1% per annum of the guaranteed amount, are ultra vires the CGST Act.
- Whether Rule 28(2) of the CGST Rules, 2017 (inserted with effect from October 26, 2023) providing for deemed valuation of corporate guarantees between related parties is constitutionally valid and whether it can be applied retrospectively to guarantees issued prior to its insertion.
- Whether the DGGI could initiate parallel proceedings on the same subject matter after the State Tax authorities had already conducted a detailed investigation for the relevant period without raising any GST demand.

### Facts

- The Petitioner, D.P. Jain & Co. Infrastructure Private Limited, executed three corporate guarantees in favour of its subsidiary companies for term loans sanctioned by State Bank of India and Bank of Maharashtra.
- The guarantee deeds contained explicit clauses declaring that the Petitioner had not received and would not receive any security, fee, commission or other consideration from the borrower subsidiaries for providing the guarantees.
- The State Tax authorities had previously investigated the Petitioner's books for the period FY 2017-18 to 2022-23, covering all relevant documents including the corporate guarantee deeds, without raising any GST demand on the guarantees.
- Subsequently, the DGGI initiated a fresh investigation through summons, alleging non-payment of GST on the corporate guarantees. This was followed by a Show Cause Notice (SCN) dated January 28, 2025 demanding GST on the three corporate guarantees, valuing the supply at 1% per annum on the guaranteed amounts under Rule 28(1)(c) read with Rules 30 and 31 of the CGST Rules, 2017, relying on CBIC Circular Nos. 204/16/2023-GST dated 27th October, 2023 and 225/19/2024-GST dated 11th July, 2024
- The Petitioner challenged the SCN, the DGGI proceedings, the validity of the two Circulars and the constitutional validity of Rule 28(2) of the CGST Rules before the Bombay High Court.

### Findings of the Court

- The Court held that consideration is a foundational requirement for a transaction to qualify as "supply" under Section 7 of the CGST Act.
- Since the Petitioner had expressly declared in the guarantee agreements that no fee, commission or consideration was received or receivable, the transaction lacked the essential element of consideration, and taxability did not arise.

[8] D.P. Jain & Co. Infrastructure Private Limited v. UOI, TS-333-HC(BOM)-2026-GST

- Relying on the Supreme Court's decision in Edelweiss Financial Services[9](delivered in the context of Service Tax Law), the Court held that corporate guarantees extended without consideration are not exigible to tax in as much as for an activity to be taxable, there must be a flow of consideration for the rendering of the service in the absence of such consideration, taxability does not arise. The Court applied this ratio to the present GST proceedings.
- The Court found considerable force in the Petitioner's contention that a corporate guarantee is essentially a contingent contract which becomes enforceable only upon default by the borrower and in the absence of consideration and actual flow of benefit, no taxable supply could arise.
- The Court distinguished corporate guarantees from bank guarantees, noting that corporate guarantees are generally intra-group financial support arrangements extended to subsidiaries and are not commercially offered to the public at large, whereas bank guarantees are issued by banks in the ordinary course of their business to customers.
- The Court also held that the Petitioner was not engaged in the business of providing corporate guarantees on a regular or commercial basis and the guarantees were executed solely to secure loans to subsidiary companies to safeguard their financial health and facilitate smooth operations.
- However, the Court did not strike down Rule 28(2) of the CGST Rules as unconstitutional. The Court held that fiscal legislation carries a strong presumption of validity and courts ordinarily do not interfere with legislative policy in taxation matters.
- The Court also held that mere excessiveness of tax would not render the levy unreasonable and accordingly declined to declare Rule 28(2) as ultra vires.

### Conclusion

- The writ petition was partly allowed. The prayer for declaration of the Circulars and Rule 28(2) of the CGST Rules as ultra vires was rejected. The summons, and the SCN issued by the DGGI were quashed and set aside.

[9]Commissioner of CGST v. Edelweiss Financial Services Ltd, TS 136 SC 2023-ST

**Dhruva Comments**

The High Court has held that a corporate guarantee executed by a parent/holding company for its subsidiary without any consideration does not constitute a "supply of service" taxable under the CGST Act, 2017.

The Court has premised its reasoning on a judgement pronounced under the erstwhile service tax regime which is not applicable to GST Law as Service Tax did not provide for a deemed levy for provision of services without consideration between related parties.

The ruling perhaps raises unanswered questions, which waters down its binding efficiency. Additionally, it is important to highlight that several other High Courts have admitted petitions challenging similar levy and the validity of Rule 28(2) of the CGST Rules.

## GST demand/orders passed against amalgamated non-existent entity are void ab initio | Bombay High Court | IDFC First Bank Limited[10]

### Issue for consideration

- Whether GST demand orders and associated proceedings initiated against an entity that had ceased to exist following amalgamation are valid in law.
- Whether Section 87 of the CGST Act empowers the Revenue to issue Show Cause Notice (SCN) and pass demand order against a non-existent entity, post-merger/amalgamation.

### Facts

- Capital First Limited (CFL), Capital First Home Finance Ltd and Capital First Securities Ltd., were amalgamated with IDFC First Bank Limited (the Petitioner) pursuant to an order dated December 12, 2018 passed by the National Company Law Tribunal, Chennai. Consequent to the amalgamation, an application for cancellation of CFL's GST registration

[10] IDFC First Bank Limited v. State of Maharashtra, TS-337-HC(BOM)-2026-GST

was filed on January 21, 2019, and the registration of CFL was cancelled on June 14, 2019.

- The Revenue/Department issued a notice dated January 4, 2022, in Form GST ASMT-10 in the name of CFL, intimating discrepancies in its returns. The Petitioner, in its reply specifically informed the Respondents that CFL had already merged with the Petitioner and no longer existed.
- Notwithstanding withstanding the Petitioners contention, the Revenue issued a SCN dated December 30, 2023, in the name of CFL.
- Despite the Petitioner attending multiple personal hearings and filing detailed replies reiterating the non-existence of CFL, the Revenue passed a demand order dated April 26, 2024, confirming demand along with interest and penalty, all in the name of CFL.
- The Petitioner challenged the demand order and all proceedings before the Bombay High Court.

### Findings of the Court

- The Court held that upon approval of the scheme of amalgamation by NCLT, CFL ceased to exist as a legal entity. The legal consequence of CFL ceasing to exist was brought about on that date itself (December 12, 2018), and the subsequent cancellation of its GST registration by the Department further reinforced this position.
- Relying on the Supreme Court's judgment in Maruti Suzuki India Limited[11] and the Bombay High Court's own judgment in Vodafone Idea Limited[12], the Court held that once an amalgamating company ceases to exist, it cannot be regarded as a "person" against whom assessment or demand proceedings can be initiated or an order of assessment/demand passed. Any proceedings initiated against such a non-existent entity are void ab initio.
- The Court rejected the Revenue's reliance on Section 87 of the CGST Act and relied on Bombay High Court's own judgment in Vodafone Idea Limited which held that the provision only applies to the intervening period between the effective date of the amalgamation order and the date of the order itself and specifically addresses inter-se transactions between the merging entities during that period. It does not empower the Revenue to issue SCN or demand orders against a non-existent entity post-merger/amalgamation.
- The Court noted that the Revenue was fully aware of the amalgamation and cancellation of CFL's registration yet proceeded on a misplaced reliance of Section 87 of the CGST Act. Despite repeated submissions by the Petitioner across multiple proceedings, the Revenue continued to issue notices and ultimately passed the impugned demand order against a non-existent entity.

### Conclusion

- The writ petitions were allowed. The impugned demand order and all proceedings pursuant thereto, were quashed and set aside.

**Dhruva Comments**

The judgment reaffirms the well-settled principle that GST proceedings cannot be initiated or continued against an entity that has ceased to exist following court/tribunal-approved amalgamation, and Section 87 of the CGST Act cannot be stretched to validate such proceedings.

Additionally, it is important to note that Section 85 of the CGST Act provides that, upon the transfer of a business, both the transferor and the transferee are jointly and severally liable for any demand payable in respect of the business of the transferor up to the date of transfer.

However, where the transferor entity has ceased to exist pursuant to such transfer, any demand can effectively be enforced only against the transferee entity, which succeeds to the liabilities of the transferred business.

The decision is a precedent for successor entities, faced with demands raised against amalgamated entities. Companies that have undertaken composition restructuring must proactively intimate the GST authorities of the change in legal status at every stage of proceedings to pre-empt such situations.

[11] Income Tax, New Delhi v. Maruti Suzuki India Limited, (2019) 416 ITR 613 (SC)

[12] Vodafone Idea Limited v. Union of India & Ors, TS-311-HC(BOM)-2026-GST

## ITC on canteen services eligible only to the extent of cost borne by employer for regular employees and not for contractual workers | Karnataka AAR | Aditya Auto Products & Engineering India Pvt. Ltd.[13]

### Issue for consideration

- Whether ITC of GST charged by Canteen Service Providers (CSPs) is available to the taxpayers in respect of canteen services enjoyed by both regular employees and contractual workers,
- Whether ITC is admissible on the entire GST charged by the CSP, or only to the extent of the cost of canteen services actually borne by the employer?

### Facts

- The Applicant, Aditya Auto Products & Engineering India Pvt. Ltd. operates three manufacturing locations within the State of Karnataka and employs approximately 1,288 regular employees across all locations, excluding contract employees.
- The Applicant is registered under the Factories Act, 1948 and is, accordingly, statutorily required to provide and maintain canteen facilities in terms of Section 46 of the said Act. For this purpose, the Applicant had engaged CSPs to supply food and beverages at all three manufacturing locations. The CSPs raise taxable invoices on the Applicant in respect of catering services for both regular employees and contract workers.
- In respect of regular employees, the Applicant recovers a nominal and subsidised amount ranging between Rs. 200/- to Rs. 250/- per employee per month, which is deducted from their salaries. The substantial remaining cost of canteen services is borne by the Applicant.
- In respect of contract workers, the Applicant raises a monthly invoice on the respective contractors/suppliers for recovery of a concessional amount, on which GST at 5% is discharged.

### Findings of the AAR

- The AAR held that the Applicant's obligation to provide canteen facilities under Section 46 of the Factories Act, 1948 arises once the factory employs more than 250 workers.
- Since the Applicant's engagement of CSPs was to discharge this statutory obligation, and canteen facilities form part of the statutory employment conditions for regular employees, ITC on catering services in respect of regular employees is admissible under the proviso to Section 17(5)(b) of the CGST Act. The AAR relied on Circular No. 172/04/2022-GST dated 06 July, 2022 in this regard.
- However, the AAR distinguished the position of contractual workers from regular employees and ruled that there exists no direct employer-employee relationship between the Applicant and the contractual workers, and accordingly no statutory obligation is cast upon the Applicant under the Factories Act, 1948 to provide canteen facilities specifically to contract labour. The canteen facility extended to contractual workers is in the nature of a voluntary welfare measure and does not arise from any mandate under the Factories Act or any other law. Accordingly, the proviso to Section 17(5)(b) is not attracted in respect of contractual workers, and ITC attributable to their canteen services remains restricted.
- Further, on the quantum of eligible ITC, it was held that ITC is admissible only to the extent of the cost of canteen services actually borne by the Applicant and cannot extend to the portion of cost recovered from regular employees through salary deductions. The admissibility of ITC is co-extensive with the statutory obligation and the expenditure incurred by the employer in discharge of that obligation. Allowing credit on the recovered component would amount to availment of ITC beyond the Applicant's actual business expenditure, which is not in consonance with the scheme of the CGST.

### Conclusion

- The AAR ruled that the Applicant is eligible to avail ITC of GST charged by the CSP in respect of canteen services provided in respect of its regular employees, and restricted to the extent of the cost of canteen services actually borne by the Applicant i.e. excluding the portion recovered from employees; and ITC in

[13] TS-401-AARKAR-2026

respect of GST charged on canteen services attributable to contractual workers is not admissible as there exists no employer-employee relationship and accordingly it is not a statutory obligation under the Factories Act.

**Dhruva Comments**

The denial of ITC in the ruling for contractual workers on the ground that "no statutory obligation is cast upon the Applicant under the Factories Act to provide canteen facilities to contractual workers" appears to rest on a contestable premise. As "workers" defined under the Factories Act, 1948 expressly include persons employed through a contractor, and not merely those in a direct employer-employee relationship.

The ARR has imported a strict employer-employee test into the analysis of a social welfare legislation intended to be interpreted liberally which may not be appropriate especially when the Applicant has remitted GST at 5% on the cost recovered from contractual employees.

# Regulatory Updates

## GSTN Advisory[14] | Mandatory Annexure-B Offline Utility for ITC Refund Applications

- GSTN has introduced a standardized Annexure-B Offline Utility (Excel-based) for filing refund applications involving accumulated ITC, replacing the earlier practice of uploading Annexure-B in PDF format. The new utility applies to refund categories including exports of goods/services without payment of tax, supplies to SEZ units/developers, inverted duty structure refunds, and export of electricity.
- Where multiple utility files are uploaded, ITC reversal figures must be reported only in the final JSON file, as the portal recalculates consolidated Net ITC after processing all uploaded files.

## GSTN Advisory[15] | Mandatory "Ship-To GSTIN" and Introduction of Voluntary E-Way Bill Closure Facility introduced in E-way bill portal

- GSTN has issued Advisory announcing the mandate to capture "Ship-To GSTIN" in all Bill-To/Ship-To transactions at the time of EWB generation. Where the consignee (ship-to party) is unregistered, "URP" (Unregistered Person) must be entered in the relevant GSTIN field. This change is aimed at improving the audit trail for goods movement in drop-shipment and triangular supply transactions.
- Additionally, introduces a voluntary E-Way Bill Closure facility, enabling suppliers, recipients, transporters, drivers (via mobile-number-based authentication), or other authorized persons to close an EWB after successful physical delivery of goods.

## Customs Circular[16] | Standardisation of Procedures for Grant of Entry Inward and Vessel Sail-out Clearance

- CBIC has clarified that Entry Inward and Vessel Sail-out Clearance (governed by Sections 41 and 42 of the Customs Act, 1962) are independent of the physical boarding process, which is separately governed under the Customs Act, 1962 read with the Imported Stores (Retention on Board) Regulations, 1963. Accordingly, grant of Entry Inward and Vessel Sail-out Clearance shall not be made contingent upon physical boarding of Customs officers on the vessel.
- Customs clearances will henceforth be processed on the basis of electronic filings such as the Sea Arrival Manifest ("SAM") and Sea Departure Manifest ("SDM") submitted through the Sea Cargo Manifest and Transhipment Regulations ("SCMTR") and e-Sanchit systems. Physical boarding of vessels by Customs officers will now be undertaken only on the basis of risk profiling, taking into account factors such as compliance history, cargo type, voyage details and security considerations.

## Customs Notifications & DGFT Public Notice |Revision in Duty Structure for Precious Metals and Additional Conditions for Gold Imports under Advance Authorisation

- The Central Government has issued Customs Notification[17] dated 12 May 2026 (effective from 13 May 2026) revising the customs duty structure for precious metals and related products under Chapter 71. The amendments increase the BCD on several precious metal categories, including certain compounds, waste/scrap and coins, from 5% to 10%, while also introducing a new concessional entry for

[14] GSTN Advisory dated May 18, 2026
[15] GSTN Advisory dated May 20, 2026
[16] Circular No. 26/2026-Customs dated May 15, 2026
[17] Notification No. 15/2026-Customs dated 12 May 2026

spent catalyst or ash containing precious metals.

- The scope of AIDC and corresponding SWS exemptions has also been expanded to cover additional precious metal products and imports under Notification No. 57/2000-Customs[18].
- The concessional customs duty applicable to imports of gold and silver under Notification No. 57/2000-Customs has been increased from 4.35% to 10%[19]. Similar revisions have also been introduced for eligible gold imports under the India-UAE CEPA framework.
- Separately, the DGFT through Public Notice [20] has introduced additional conditions for import of gold under the Advance Authorisation scheme, including a cap on imports per authorisation, mandatory inspection for first-time applicants, linkage of fresh authorisations to fulfilment of prior export obligations, and enhanced reporting and monitoring requirements.

[18] Notification No. 16/2026-Customs dated 12 May 2026
[19] Notification No. 17/2026-Customs dated 12 May 2026
[20] Public Notice No. 11/2026-27 dated 14 May 2026

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