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Part I – GST

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Judgements and Rulings

Classification for levy of tax depends on the form of goods at the time of sale and not on their end use; health drink powder and biscuits not taxable as beverages | Supreme Court | Cadila Health Care Limited[1]

Issues for consideration

- Whether, for classification under a taxing statute, the authorities must look at the form of the goods at the time of sale, or at the end product into which the consumer may later convert them?
- Whether "GRD Powder" and "GRD Mix", sold as powder and biscuits, are classifiable as non-alcoholic drinks and beverages, or under the residuary entry of Schedule II to the Madhya Pradesh Commercial Tax Act, 1994?

Facts

- The respondent manufactured "GRD Powder" and "GRD Mix", which were sold over the counter in the form of powder and biscuits.
- The Revenue treated the products as beverages, on the basis that the powder would ultimately be consumed as a drink after being mixed with milk or water, and sought to levy tax at the higher rate applicable to non-alcoholic drinks and beverages.
- The Madhya Pradesh High Court upheld the respondent's classification under the residuary entry (Part VII, Entry 1 of Schedule II) at 8%. The Revenue appealed to the Supreme Court.

Findings of the Supreme Court

- The taxable event under a sales tax statute is the sale. The identity of the goods at the time of that taxable event is the determinative factor for classification.
- The tax authorities are bound to look at what is supplied and not at the "end use" of the goods. End use is ordinarily irrelevant unless the entry itself makes it the test. The Court relied on Mathuram Agrawal[2] on the strict construction of taxing statutes and on Carrier Aircon[3] for the principle that end use does not determine classification.
- The entry for beverages classifies goods by their physical characteristics and form and makes no reference to end use. Tests such as common parlance, functional character or basic nature cannot be used to import an end-use criterion where the language of the entry is clear. As the products existed as powder and biscuits when sold, their possible later use to prepare a drink could not change their classification.
- The rulings relied upon by the Revenue were distinguished. In Pioma Industries[4], the entry expressly covered powders used for preparing non-alcoholic drinks, and the matter was remanded without a decision on classification. S. Samuel[5] decided whether tea is a foodstuff and not whether tea in powder form is a beverage. In Hamdard (Wakf) Laboratories[6], the sharbat was sold in liquid form.

Conclusion

- The Revenue's appeals were dismissed and the classification of the products under the residuary entry was affirmed.

Dhruva Comments:

This pre-GST, State VAT law ruling reiterates a settled principle of classification, viz. that goods are to be classified in the form in which they are supplied, and that their end use is not determinative unless the relevant entry itself so provides.

The principle may become relevant in classification disputes under GST, particularly for products such as mixes, concentrates, premixes and kits; Revenue attempts to classify the product by reference to the item eventually prepared by the consumer.

Section 16(2)(c) is valid but cannot be invoked mechanically to reverse input tax credit ('ITC') of a purchaser merely for the supplier's default

[1] Addl. Commr. Commercial Tax v. Cadila Health Care Ltd., 2026 INSC 1078; Civil Appeal Nos. 9788–9789 of 2013, judgment dated October 05, 2026

[2] Mathuram Agrawal v. State of Madhya Pradesh, (1999) 8 SCC 667

[3] Commissioner of Central Excise, Delhi v. Carrier Aircon Ltd., (2006) 5 SCC 596

[4] Pioma Industries v. State of Kerala, (2008) 12 SCC 695

[5] S. Samuel M.D., Harrisons Malayalam v. Union of India, (2004) 1 SCC 256

[6] Hamdard (Wakf) Laboratories v. Commissioner, Commercial Tax, U.P., 2026 SCC OnLine SC 306

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or retrospective cancellation; guidelines issued for proper officers | Punjab & Haryana HC | Shaurya Alloys[7]

Issues for consideration

- Whether Section 16(2)(c) of the Central Goods and Services Tax Act, 2017 ('CGST Act'), which makes ITC conditional upon actual payment of tax by the supplier, is unconstitutional, or should be read down to apply only in cases of fraud or non-existent suppliers?
- If valid, in what manner can the provision be invoked against a purchaser who has paid the tax to the supplier, where the supplier fails to deposit it?

Facts

- A batch of 424 writ petitions, largely by traders in metals and steel, challenged notices and orders denying or reversing ITC because their suppliers had not deposited the tax collected, had filed nil or short returns, or had their registrations cancelled, in several cases retrospectively.
- The petitioners contended that the matching mechanism under Sections 42 and 43 was never implemented, that a purchaser has no means of verifying the supplier's payment, and that the provision is violative of Articles 14, 19(1)(g), 265 and 300A of the Constitution and of the maxim that the law does not compel the impossible.
- The Court noted that the matching mechanism could not be implemented due to technical glitches, that taxpayers had to rely on their own books, and that the mechanism for re-availment under Rule 37A of the CGST Rules, 2017 was introduced only from December 26, 2022.

Findings of the High Court

- Section 16(2)(c), read with Section 155, is constitutionally valid, as payment of tax to the Government is the very foundation of ITC. Following the Gujarat High Court in Maruti Enterprise[8], which has been affirmed by the Supreme Court in Bhandari Scrap Traders[9], the Court declined to strike down or read down the provision. It, however, held that upholding its validity "does not conclude the matter", as the manner of its enforcement must conform to the statutory scheme.
- The Court laid down fourteen guidelines for proper officers of the Centre, Punjab, Haryana and Chandigarh, which may be summarised as follows:
- ITC is not to be denied in a routine or mechanical manner. A supplier's cancellation, nil returns or an adverse alert may trigger an inquiry but cannot by itself justify denial.
- Before issuing a show cause notice ('SCN'), the proper officer must record satisfaction on the particulars of the supplier, invoices, tax periods and amount, the precise nature and circumstances of the default, and the status of recovery proceedings against the supplier. The investigation must establish a direct link between the purchaser and the default.
- The notice must disclose the particulars and the material relied upon, and relied-upon documents must be supplied. Where Section 74 or 74A is invoked, the foundational facts of fraud must be stated; a supplier's fraud cannot be attributed to the purchaser without connecting facts.
- Although the burden under Section 155 lies on the purchaser, the officer must consider and deal with the evidence produced, such as invoices, e-way bills, proof of receipt and payment. Where denial rests on a retrospective cancellation, its grounds, effective date and bearing on the genuineness of the specific supply must be examined.
- The remedy against the supplier must be pursued and its status recorded, tax already recovered must not be realised twice, and re-availment of credit must be allowed as permitted by law. The law in force for the relevant period applies, and later amendments cannot be applied to earlier periods.
- A purchaser's registration cannot be cancelled merely because it availed ITC on purchases from a supplier whose registration was later cancelled. A personal hearing must be granted, requests for

[7]Shaurya Alloys Pvt. Ltd. v. State of Punjab, CWP-34296-2024 (O&M) and 423 connected writ petitions, decided on October 01, 2026

[8]Maruti Enterprise v. Union of India, 2026 SCC OnLine Guj 4013 (R/Special Civil Application No. 18080 of 2023, decided on May 01, 2026)

[9]Bhandari Scrap Traders v. Union of India, 2026 SCC OnLine SC 1570 (SLP (C) No. 23931 of 2026, order dated July 24, 2026)

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cross-examination decided by a reasoned order, and the final order must record findings on each disputed condition of Section 16(2).

- A deposit made during investigation does not dispense with a notice disclosing the foundational facts. The guidelines apply to pending as well as future proceedings.

Conclusion

- The petitions were disposed of in terms of the guidelines, without deciding individual cases on merits.
- Where notices are pending, replies may be filed within eight weeks and reasoned orders passed after a hearing. Where orders have been passed, the proper officer must revisit them in light of the guidelines, and no fresh coercive recovery may be taken in the meantime.

Dhruva Comments:

Constitutional validity of Section 16(2)(c) was upheld by the Supreme Court in Bhandari Scrap Traders. This ruling lays down a comprehensive framework for the manner in which the provision is to be applied. The guidelines require the Department to first proceed against the defaulting supplier, to examine the genuineness of the purchaser's own transaction and to avoid double recovery, before denying ITC to the purchaser.

The ruling builds on the reasoning in **Maruti Enterprise**, where the provision was upheld on the premise that the purchaser is not left without remedy, given the mechanism for recovery from the supplier and re-availment of credit under Section 41(2) and Rule 37A. The guidelines would have persuasive value in other territories, while they will be binding in Punjab and Haryana.

Value of head office services to branches is "nil" where no invoice is issued and branches are eligible for full ITC; IGST demand for absence of cross-charge quashed | Gujarat HC | Gujarat Co-operative Milk Marketing Federation Limited[10]

Issues for consideration

- Whether a head office that does not cross-charge common expenses to its separately registered branches can be fastened with GST on such services, and how such supplies are to be valued?
- Whether the extended period of limitation under Section 74 could be invoked for the failure to cross-charge?

Facts

- The petitioner, popularly known as "Amul", incurred common corporate expenses at its head office in Anand between July 2017 and March 2019, including advertisement and publicity, IT infrastructure, software maintenance, legal costs and employee salaries. These were recorded in its books but not cross-charged to its branches and depots registered in other States.
- Treating the branches as distinct persons under Section 25(4), the Department issued a notice under Section 74 and, by an Order-in-Original ('OIO'), confirmed the demand of Integrated Goods and Services Tax ('IGST') with interest and penalty, valuing the services in proportion to the turnover of the branches.
- The petitioner relied on Circular Nos. 199/11/2023-GST and 210/4/2024-GST and the Delhi High Court ruling in Metal One[11]. The Revenue contended that the petitioner had deliberately avoided cross-charging, and pointed to its cross-charging from April 01, 2019 as an acceptance of liability.

Findings of the High Court

- Separately registered establishments are distinct persons, and supplies between them in the course of business are supplies under Entry 2 of Schedule I even without consideration. "Cross-charge" is not defined in the law; the mechanism arises from these provisions.
- Under Circular No. 199/11/2023-GST, reiterated by Circular No. 210/4/2024-GST, where the recipient is

[10] R/Special Civil Application No. 7085 of 2025, decided on October 14, 2026

[11] Metal One Corporation India Pvt. Ltd. v. Union of India, 2024 SCC OnLine Del 7499 (W.P.(C) 14945/2023, decided on October 22, 2024)

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eligible for full ITC and no invoice has been issued, the value of the supply may be deemed to be "nil". As no invoices were issued, the value was nil and no tax liability arose. The adjudicating authority had disregarded the Circulars without application of mind.

- The Department cannot determine the value on a proportionate basis merely because cross-charging was not adopted. The exercise would in any event have been revenue-neutral, as the branches would have been entitled to credit of any tax paid.
- The extended period was invoked solely on the strength of an investigation by the Directorate General of GST Intelligence. Following the Supreme Court decision in Tata Steel[12], the foundational facts of fraud, wilful misstatement or suppression must appear from the notice itself, and the statutory words cannot be recited mechanically.

Conclusion

- The writ petition was allowed and the OIO confirming the IGST demand with interest and penalty was quashed.

Dhruva Comments:

The ruling applies the "nil value" clarification in Circular No. 199/11/2023-GST to the period prior to the issuance of the Circular. This ruling mirrors the consistent view of various High Courts, that the mere absence of cross-charging cannot form the basis of a demand where the recipient unit is eligible for full ITC; these include the rulings of the Delhi High Court in Metal One and KEI Industries[13], and of the Karnataka High Court in Alstom Transport[14], which applied the principle to services of seconded employees.

It may be noted that these rulings and the Circular are in the context of supplies between distinct persons where the recipient is eligible for full ITC. Businesses whose branches make exempt supplies, or are otherwise not eligible for full ITC, would need to evaluate their cross-charge positions.

Refund cannot be adjusted against a stayed demand upon payment of pre-deposit; appropriation reversed | Bombay HC | Trivitron Healthcare[15]

Issues for consideration

- Whether a refund sanctioned under Section 54 of the CGST Act can be adjusted against an earlier demand, where the taxpayer has paid the entire pre-deposit and filed an appeal, so that recovery of the balance demand stands stayed under Sections 112(8) and 112(9)?
- Whether a writ petition filed in the company's legal name is maintainable where the GST records show an amended trade name?

Facts

- An assessment order raised a demand for Financial Years ('FY') 2017-18 to 2019-20. The petitioner filed an appeal after paying a pre-deposit of 10% of the disputed tax through Form GST DRC-03. The appeal was rejected, and the petitioner communicated its intention to appeal to the GST Appellate Tribunal ('GSTAT') once it became functional.
- The petitioner subsequently applied for a refund for July to September 2023. Although the refund order determined the net eligible refund, the Department, instead of sanctioning it, adjusted the entire amount against the outstanding demand for FY 2017-18 to 2019-20.
- The petitioner then paid a further 10% of the disputed tax through the electronic credit ledger, completing the 20% pre-deposit, and filed its appeal before GSTAT. Its rectification application pointing out that recovery stood stayed was rejected without reasons.
- The Department contended that the adjustment under Section 54 was permissible as the demand was outstanding. It also objected that the GST records showed the name as "Kiran Medical Systems (A Division of Trivitron Healthcare Private Limited)", and not the petitioner's name.

[12]Tata Steel Limited v. Union of India, TS-640-SC-2026-GST

[13]KEI Industries Limited v. Union of India, W.P.(C) 6919/2025, Delhi High Court, order dated May 22, 2025; 2025 (6) TMI 96

[14]Alstom Transport India Limited v. Commissioner of Commercial Taxes, W.P. No. 1779 of 2025 (T-RES), Karnataka High Court, decided on July 15, 2025

[15]Trivitron Healthcare Private Limited v. Deputy Commissioner, Division-VI, CGST & Central Excise Commissionerate; 2026-VIL-1171-BOM

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Findings of the High Court

- Having paid 10% at the first appeal and a further 10% before filing the appeal before the GSTAT, the petitioner had discharged the entire statutory pre-deposit. Recovery of the balance demand is consequently deemed to be stayed under Section 112(9), read with Circular No. 224/18/2024-GST dated July 11, 2024 issued by the Central Board of Indirect Taxes and Customs ('CBIC').
- In view of the provision and Circular clarifying that recovery remains stayed upon payment of the prescribed pre-deposit, it was not open to the Department to adjust the refund against the demand.
- On the trade name objection, the Court noted that the GST Identification Number ('GSTIN'), being the unique identifier, had always remained the same, and that the entity's name auto-populates on the portal once the GSTIN is entered.

Conclusion

- The appropriation of the refund against the demand for FY 2017-18 to 2019-20 was reversed, and the amount was directed to be restored to the petitioner within four weeks.

Dhruva Comments:

Refunds sanctioned to taxpayers may be withheld or adjusted by field formations against earlier demands, in terms of Section 54(10). The ruling clarifies that once the prescribed pre-deposit has been made and an appeal filed, the deemed stay under Section 112(9) extends to such adjustments, and the refund is required to be released fully.

Corporate debtor sold as a going concern in liquidation cannot claim "clean slate" against GST dues after the commencement of corporate insolvency resolution process ('CIRP') | Madras HC | EMC Limited[16]

Issue for consideration

- Whether GST liability of a corporate debtor for a period after commencement of CIRP stands extinguished under the clean slate principle[17], where the company is sold as a going concern during liquidation?

Facts

- As no resolution plan was approved in the CIRP initiated against the petitioner, liquidation was ordered. The liquidator sold the company as a going concern, which was approved by the National Company Law Tribunal ('NCLT'). The GST Department had not lodged a claim with the liquidator.
- An adjudication order was subsequently passed under Section 73 confirming a demand of tax, interest, late fee and penalty for FY 2021-22, a period falling within the CIRP.[18]
- Relying on **Ghanashyam Mishra**[19], where the Supreme Court held that claims not forming part of an approved resolution plan stand extinguished, and on Section 238 of the IBC, which gives the IBC overriding effect over other laws, the petitioner contended that, having been acquired as a going concern through the liquidation process, it took over the business free of past liabilities, and that the GST liability stood extinguished, particularly as the Department had not lodged a claim with the liquidator. The Department contended that the clean slate principle does not extend to GST dues arising after commencement of CIRP.

Findings of the High Court

- Liabilities incurred during the moratorium and the CIRP cannot be written off under the IBC. In a going-concern sale under Regulations 32(e) and 32(f), read with Regulation 32A of the Insolvency and

[16]EMC Limited v. State Tax Officer, W.P.(MD) No. 25527 of 2026, order dated October 15, 2026

[17]Under the "clean slate" principle, laid down by the Supreme Court in Ghanashyam Mishra and Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd., (2021) 9 SCC 657, once a resolution plan is approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, all claims that do not form part of the plan, including statutory dues owed to the Central and State Governments, stand extinguished. The successful resolution applicant takes over the corporate debtor free of such past liabilities and no proceedings can be continued in respect of them.

[18] Note: During the CIRP, a moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 ('IBC') operates from the insolvency commencement date until the completion of the process, prohibiting the institution or continuation of proceedings against the corporate debtor.

[19] Ghanashyam Mishra and Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd., (2021) 9 SCC 657

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Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and Regulation 39C of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the corporate entity survives, and the buyer takes over the business as a package, including its liabilities.

- The clean slate principle may apply where assets are sold and the company is dissolved under Section 54 of the IBC after distribution under Section 53. However, Section 53 does not govern a going-concern sale, and **Ghanashyam Mishra** did not address this situation.
- The NCLT had approved a sale of the company and not of its assets alone, and had not considered the clean slate question. The Calcutta High Court decisions in Kashvi Power[20] and Rabirun Vinimay[21], which held that a buyer in a going-concern sale takes over only the liabilities identified and earmarked for the sale, were held not to reflect the correct position, being contrary to the above scheme of the Regulations. Agniti Industrial Parks[22] of the Madras High Court was distinguished, as it concerned claims for the period before liquidation.
- Noting Section 85 of the CGST Act (liability in case of transfer of business) and that the petitioner had not filed an effective reply, the Court remanded the matter instead of dismissing the petition.

Conclusion

- The matter was remanded for fresh adjudication within three months, subject to deposit of 25% of the disputed tax within 30 days.

Dhruva Comments:

The ruling is at variance with the view taken by the Calcutta High Court in **Kashvi Power** and **Rabirun Vinimay**, which extended the clean slate principle to going-concern sales in liquidation and held that the acquirer takes over only the liabilities identified and earmarked for the sale. The Madras High Court has differed on the basis that, in a going-concern sale, the corporate debtor continues to exist as a legal entity and is transferred along with its liabilities; that the distribution and dissolution mechanism under Sections 53 and 54 of the IBC, which underlies the extinguishment of claims, does not apply to such a sale; and that **Ghanashyam Mishra**, having been rendered in the context of an approved resolution plan, does not extend to a sale of the corporate debtor as a going concern in liquidation.

Acquirers of corporate debtors through this route would need to evaluate the GST exposure for the CIRP and liquidation periods, and address it appropriately in valuation and contractual protections.

The distinction drawn between liabilities relating to the period prior to commencement of CIRP and those arising during the moratorium would be relevant for resolution applicants and liquidators.

SCN generated within limitation but uploaded on the portal after the deadline due to a technical glitch is time-barred | Delhi HC | Sikka Motors[23]

Issue for consideration

- Whether an SCN under Section 73 generated before the statutory deadline, but made available to the taxpayer on the portal only after the deadline because of a technical glitch, is validly issued within limitation?

Facts

- The proceedings related to FY 2019-20 and concerned alleged ineligible ITC, late fee and interest.
- Under Section 73(2), read with Notification No. 56/2023-Central Tax, which extended the time limit for passing orders for FY 2019-20 to August 31, 2024, the SCN was required to be issued by May 31, 2024.
- The SCN was generated on the departmental system on May 30, 2024, but owing to a technical glitch during migration between departmental systems, it

[20]Kashvi Power & Steel Pvt. Ltd. v. West Bengal State Electricity Distribution Company Ltd., 2022 SCC OnLine Cal 4617 (W.P.A. No. 6327 of 2022, decided on August 12, 2022)

[21]Rabirun Vinimay Pvt. Ltd. v. Union of India, W.P.A. No. 27722 of 2024, Calcutta High Court, decided on November 12, 2025

[22]Agniti Industrial Parks Pvt. Ltd. v. Superintendent of CGST & Central Excise, W.P. No. 11097 of 2021, Madras High Court, decided on December 11, 2023

[23]Sikka Motors Pvt. Ltd. v. Union of India, W.P.(C) 5076/2025, decided on October 27, 2026; 2026 TAXSCAN (HC) 1761

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was uploaded on the GST portal only on August 08, 2024. An order confirming the demand followed on August 23, 2024.

Findings of the High Court

- Section 73(2) requires the SCN to be issued within the prescribed time, and issuance must be read with the modes of service under Section 169. Issuance is complete only when the notice is communicated to the taxpayer.
- Internal generation of a notice on the departmental system does not amount to its issuance in law. A technical glitch does not save a notice that reaches the taxpayer after the limitation has expired, and Section 168A is the only mechanism for extending time limits.
- Limitation goes to the root of jurisdiction, and the defect could not be cured by the taxpayer's participation in the proceedings.

Conclusion

- The SCN was held to be time-barred, and the SCN and the consequential order were quashed.

Dhruva Comments:

The ruling would be relevant for notices generated close to the statutory deadlines; it clarifies that limitation is to be tested with reference to the date on which the notice is made available to the taxpayer on the common portal, and not the date on which it is generated internally.

The ruling is in line with pre-GST jurisprudence. Section 11A of the Central Excise Act, 1944 and Section 73 of the Finance Act, 1994 required the notice to be "served" within the period of limitation, and courts consistently tested limitation with reference to the date of service rather than the date of issuance. The Supreme Court has held that the word "issue" in the context of a time-bound notice connotes its service[24], and that an order takes effect only when it is communicated to the person concerned[25].

Failure to pass on the reduction in tax incidence on Rail Neer after introduction of GST amounts to profiteering; interest applicable only from June 28, 2019 | GSTAT, Principal Bench | Indian Railway Catering and Tourism Corporation Limited ('IRCTC')[26]

Issues for consideration

- Whether IRCTC contravened Section 171 of the CGST Act by not passing on to consumers the benefit of the reduction in tax incidence on Rail Neer packaged drinking water after the introduction of GST?
- From when is interest leviable on the profiteered amount, and is penalty under Section 171(3A) attracted?

Facts

- Before GST, the overall tax incidence on Rail Neer (excise duty, VAT and surcharge) was around 28.75%. GST was levied at 18% from July 01, 2017, but the maximum retail price ('MRP') continued unchanged.
- The Directorate General of Anti-Profiteering ('DGAP') investigated supplies made between July 2017 and May 2020 and found that the benefit had not been passed on.
- IRCTC contended that the MRP was fixed by the Ministry of Railways, that it did not sell directly to passengers, that Rail Neer was priced below competing brands, that its base price had increased with costs, and that its status as a public sector undertaking and the subsidised nature of Rail Neer placed it outside the anti-profiteering provisions.

Findings of the Tribunal

- No straitjacket formula is prescribed for determining profiteering, and the DGAP may adopt a methodology suited to the facts. Comparing the pre-GST incidence of about 28.75% with the GST rate of 18% was the relevant test, and the methodology adopted was upheld.
- The contention that the transfer price was outside IRCTC's control was rejected, as Railway Board Circular No. 49 of 2008 authorised IRCTC to fix the transfer price for departmental and licensee units.

[24]Banarsi Debi v. Income Tax Officer, AIR 1964 SC 1742; (1964) 53 ITR 100 (SC)

[25]Collector of Central Excise v. M.M. Rubber & Co., 1992 Supp (1) SCC 471

[26]TS-863-GSTAT(DEL)-2026-GST

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Rail Neer supplied free to passengers on premium trains was also included in the computation.

- A net benefit accrued to IRCTC on account of the subsumption of taxes and increased ITC, which was not passed on to consumers. Profiteering was accordingly established.
- The interest provision was inserted with effect from June 28, 2019. Following the coordinate Bench decisions in Procter & Gamble[27] and A.J. Enterprises[28], interest at 18% under Rule 133(3)(c) is payable only from that date.
- Penalty under Section 171(3A), in force from January 01, 2020, is attracted as the period of contravention extends beyond that date.

Conclusion

- IRCTC was directed to deposit the profiteered amount in the Central and State Consumer Welfare Funds in equal proportion, as per the State-wise bifurcation in the DGAP report, within one month, along with interest at 18% from June 28, 2019.
- A penalty of 10% of the profiteered amount was imposed, to stand waived if the profiteered amount of ₹50,41,44,461/- along with interest, is deposited within thirty days.

Dhruva Comments:
The ruling rejects the contention that an MRP fixed by the Ministry of Railways, or the status of the supplier as a public sector undertaking, takes the supplier outside the scope of Section 171.

Marketing, student recruitment support and IT-enabled services to the overseas parent qualify as export of services, not intermediary services; First Appellate Authority cannot remand the case | GSTAT, Principal Bench | Navitas Eduservices[29]

Issues for consideration

- Whether services rendered by the Indian entity to its Australian parent qualify as export of services under Section 2(6) of the Integrated Goods and Services Tax Act, 2017 ('IGST Act'), or as intermediary services under Section 2(13)?
- Whether the First Appellate Authority, by annulling an order and directing the proper officer to reconsider it, can in effect remand a matter?

Facts

- Under a Master Services Agreement, the appellant provided marketing, promotion, student recruitment support, business support and IT-enabled services to its Australian parent, for consideration on a cost-plus basis, received in convertible foreign exchange.
- Its claims for refund of unutilised ITC on export of services, for periods between January 2018 and March 2023, were rejected on the ground that it was an intermediary and the place of supply was in India. The First Appellate Authority upheld the rejections in five appeals.
- In the sixth appeal, relating to FY 2021-22, the First Appellate Authority annulled the rejection order and directed the adjudicating authority to reconsider the refund claim in light of Delhi High Court rulings. The Revenue appealed against that order before the Tribunal.

Findings of the Tribunal

- An intermediary arranges or facilitates a main supply between two other persons. A person who supplies the main service on its own account, on a principal-to-principal basis, is not an intermediary. The appellant was neither a broker nor an agent and had no authority to bind its parent.

[27] DGAP v. Procter & Gamble Group, NAPA/13/PB/2025, GSTAT Principal Bench, order dated September 10, 2025; (2025) 35 Centax 77 (Tri.-GST-Delhi)

[28] DGAP v. A.J. Enterprises, NAPA/2/PB/2025, GSTAT Principal Bench, order dated February 20, 2026

[29] TS-868-GSTAT(DEL)-2026-GST

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- Following its decision in Dow Chemical[30], the Tribunal held that "any other person" in the definition must be read ejusdem generis with broker and agent.
- Relying on Genpact[31], Blackberry India[32], Columbia Sportswear[33] and Fateh Education Consulting[34], the services were held to be export of services.
- Section 107(11) expressly bars the First Appellate Authority from referring a case back to the adjudicating authority. An order annulling the decision and directing reconsideration is in substance a remand and cannot be passed by resorting to a "jugglery of words". Only the Tribunal may remand under Section 113(1).

Conclusion

- The five appeals filed by the appellant were allowed. The orders rejecting the refund claims were set aside and the refunds were directed to be granted with interest at 6% and 9%, from the dates specified in the order.
- In the Revenue's appeal relating to FY 2021-22, the order of the First Appellate Authority was set aside to the extent it directed reconsideration by the adjudicating authority. The appeal was restored to the First Appellate Authority, which is required to decide the refund claim itself on merits, in light of the principles laid down by the Tribunal, within six weeks.

Dhruva Comments:

The ruling of the Principal Bench is in line with the consistent view of various High Courts on the scope of intermediary services[35]. Indian entities providing support services to overseas group entities, where the services are supplied on their own account, without any authority to bind the overseas entity, and are remunerated on a cost-plus basis, do not qualify as intermediaries.

Section 13(8)(b) of the IGST Act, which deemed the place of supply of intermediary services to be the location of the supplier, has since been omitted by the Finance Act, 2026 with effect from March 30, 2026. The ruling would nevertheless serve as a useful precedent in pending and future disputes relating to the period prior to such omission.

The ruling also reiterates that the First Appellate Authority has no power under Section 107(11) to remand a matter to the adjudicating authority, whether directly or by annulling the order with a direction to reconsider the matter. This is in line with the view taken by various High Courts[36].

Airline entitled to refund of GST on fares refunded to passengers for flights cancelled during COVID-19; proviso requiring ITC reversal by recipient applicable only from October 01, 2025 | GSTAT, Ernakulam | Singapore Airlines[37]

Issue for consideration

- Whether an airline is entitled to a refund, as excess payment of tax, of GST paid on tickets where the entire fare including GST was refunded to passengers on cancellation of flights, and the credit notes could not be adjusted against output tax?

Facts

- Between October 2019 and March 2021, cancellations due to the COVID-19 pandemic resulted in refunds to passengers exceeding sales. As Form GSTR-3B does not allow negative values, the credit notes were carried forward and adjusted against later sales to the extent possible.
- Once the time limit under Section 37(3) for adjusting them expired, the appellant filed eight refund claims under the category of excess payment of tax.

[30]Dow Chemical International Pvt. Ltd. v. Commissioner of State Tax, Mazgaon, Mumbai, (2026) 1 GSTAT E-Journal 15 (Principal Bench), order dated June 04, 2026

[31]Genpact India Pvt. Ltd. v. Union of India, (2022) 1 Centax 226 (P&H)

[32]Pr. Commissioner, Central Excise and CGST, Delhi South v. Blackberry India Pvt. Ltd., 2023 SCC OnLine Del 4467

[33]Columbia Sportswear India Sourcing Pvt. Ltd. v. Union of India, [2025] 174 taxmann.com 936 (Karnataka)

[34]Fateh Education Consulting Pvt. Ltd. v. Assistant Commissioner, 2026 SCC OnLine Del 3200

[35]See, for instance, Ernst & Young Limited v. Additional Commissioner, CGST Appeals-II, Delhi, 2023 SCC OnLine Del 1764; and Genpact India Pvt. Ltd. v. Union of India, (2022) 1 Centax 226 (P&H)

[36]Kronos Solutions India Pvt. Ltd. v. Union of India, Allahabad High Court (Division Bench), 2024; Tvl. Shivam Steels v. Assistant Commissioner (ST), (2024) 20 Centax 363 (Mad.); Shyam Traders v. State of West Bengal, WPA 2357 of 2025 (Cal.)

[37]TS-878-GSTAT(ERN)-2026-GST

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- The claims were rejected, and the Joint Commissioner (Appeals) upheld the rejection on the grounds that the credit notes were time-barred under Section 34(2), that they had been issued in favour of travel agents and not passengers, and that a one-to-one correlation between the travel agents and the passengers was not possible.

Findings of the Tribunal

- Each refund voucher, tax invoice and credit note carries the same ticket number and passenger name, which connects the entire chain of documents. The refunds were credited, through the Billing Settlement Plan of the International Air Transport Association, to the account from which the original payment was made. Both lower authorities failed to examine these documents.
- Circular No. 137/07/2020-GST clarifies that where there is no output liability against which a credit note can be adjusted, a claim may be filed under "excess payment of tax" in Form GST RFD-01. The appellant followed the correct procedure.
- The tickets were issued to individual passengers in business-to-consumer transactions, so no question of ITC reversal by recipients arose. The proviso to Section 34(2) requiring reversal of ITC by the recipient was inserted only with effect from October 01, 2025.
- For the period in dispute, the proviso to Section 34(2) only required that the incidence of tax should not have been passed on to any other person. This condition stood satisfied, as the entire fare, including GST, had been refunded to the passengers and the appellant had furnished the declaration under Rule 89(2)(l).

Conclusion

- The Order-in-Appeal ('OIA') was set aside and all eight appeals were allowed. The refunds are to be processed within two weeks, with interest from the date of the original refund applications till the date of payment.

Dhruva Comments:

The ruling would be relevant for airlines, as well as businesses in the travel, events and hospitality sectors, which refunded the consideration on cancellation of services but could not adjust the corresponding credit notes against their output tax liability. It also underlines the importance of maintaining documentation that links the original invoice, the credit note and the refund made to the recipient.

The finding that the proviso to Section 34(2) requiring reversal of ITC by the recipient applies only from October 01, 2025 would serve as a precedent in similar disputes on credit notes issued for earlier periods.

First Appellate Authority must hear the appellant before dismissing an appeal on grounds of delay, authorisation or pre-deposit; interest on late payment of differential tax is compensatory | GSTAT, Bengaluru | Groma Infrastructure[38]

Issues for consideration

- Whether the First Appellate Authority can reject an appeal on preliminary grounds, such as delay in filing, absence of authorisation of the signatory or non-payment of the admitted amount, without granting the appellant an opportunity of hearing?
- Whether interest is payable on differential tax paid belatedly pursuant to the revision in the rate of tax on works contract services from January 01, 2022, and on tax paid belatedly through Form GSTR-3B?

Facts

- The appellant executes works contracts for Government undertakings in Karnataka. Following an audit for FY 2021-22, an order under Section 73(9) confirmed no tax or penalty, but only interest.
- The interest related to differential tax paid late through Form GST DRC-03 after the rate on works contract services increased from 12% to 18% on January 01, 2022, and to tax paid late in cash with Form GSTR-3B.
- The First Appellate Authority rejected the appeal at the threshold, without granting a hearing, on the grounds of delay in filing, absence of valid

[38] TS-832-GSTAT(BUR)-2026-GST

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authorisation of the signatory and non-payment of the admitted amount.

Findings of the Tribunal

- Section 107(8) obliges the Appellate Authority to hear the appellant before deciding the appeal, whether on a threshold objection or on merits. A dismissal on limitation, authorisation or pre-deposit without a hearing cannot be sustained.
- Neither the CGST Act nor the Rules prescribe a separate application or affidavit for condonation of delay under Section 107(4). Form GST APL-01 itself calls for the period of and reasons for the delay. Where the delay is within the further period of one month and sufficient cause is shown, it must be considered. The 21-day delay was condoned.
- A defect in the proof of authority of the signatory is curable. Authority, or ratification, may be shown by the instrument of authority and by the company's conduct in pursuing the appeal.
- An amount is "admitted" under Section 107(6)(a) only where admitted clearly and unequivocally. A computation offered "even assuming" liability is not an admission. Where the order confirms no tax, Section 107(6)(b) requires no pre-deposit.
- On merits, interest under Section 50(1) is compensatory and follows the tax. A customer's failure to pay, the supplier's hardship or withheld retention money does not postpone the time of supply or suspend interest. Rule 35 does not apply where the supplier has stated the taxable value and charged tax separately.

Conclusion

- The appeal was partly allowed. The OIA was set aside, the delay was condoned and the appeal was held to be validly filed.
- Interest on the differential tax paid through Form GST DRC-03 was confirmed in full, while interest on tax paid late through Form GSTR-3B was restricted to the amount shown to be outstanding.

Dhruva Comments:

The ruling reiterates that the First Appellate Authority is required to grant an opportunity of hearing before rejecting an appeal, including on points of delay, authorisation or pre-deposit.

It holds that a separate application for condonation of delay is not required and that a defect in the authorisation of the signatory is curable.

On merits, the ruling reaffirms that interest under Section 50 is compensatory and is payable from the due date, irrespective of delays in receipt of payment from customers.

Split verdict – whether orders passed on a date other than the date fixed for hearing, without intimation to the taxpayer, are vitiated; appeal referred to a Larger Bench | GSTAT, Prayagraj | Sahu Building Material[39]

Issues for consideration

- Whether an OIO or an OIA passed *ex parte* on a date later than the date fixed for hearing, without fixing and communicating a fresh date to the taxpayer, is vitiated for violation of the principles of natural justice?
- Where the OIA is not a reasoned order as required under Section 107(12), whether the Tribunal should remand the matter or decide it on merits?

Facts

- The appellant, a trader in iron and steel, availed ITC in November 2018 on two invoices issued by a supplier that was subsequently found to be non-existent. ITC on one of the invoices had been reversed by the appellant in August 2019, prior to the initiation of any inquiry, though the reversal was reported under the IGST head instead of CGST and SGST.
- An SCN under Section 74 fixed the same date for reply and personal hearing. The appellant filed its reply on that date but did not appear for the hearing,

[39]Sahu Building Material v. Assistant Commissioner, State Tax, Sector-02, Pratapgarh, APL/7/ALB/2026, order dated October 23, 2026; TS-905-GSTAT(ALB)-2026-GST

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and the order confirming the demand with interest and penalty was passed three days later.

- The appellant did not appear on the date fixed for hearing before the First Appellate Authority either. The appeal was dismissed *ex parte* by an OIA passed nearly seven weeks after that date, without any fresh date having been fixed or communicated.

Findings of the Tribunal

- The Members agreed that the OIA did not satisfy the requirement of a reasoned order under Section 107(12), and that where the entire material is on record, the Tribunal, being the final fact-finding authority, may decide the matter itself instead of remanding it.
- On the point of natural justice, the Judicial Member, following a line of Division Bench rulings of the Allahabad High Court[40], held that where an authority proceeds *ex parte*, the order must either be passed on the date fixed for hearing or on another date fixed and communicated to the taxpayer.
- The Technical Member dissented and held that the orders were not vitiated merely because they were passed after the dates fixed for reply or hearing. In his view, the High Court rulings were distinguishable on facts, since the appellant had filed its reply and had not opted for a personal hearing, and no prejudice was therefore caused to it. He further observed that the CGST Act does not require an order to be pronounced on the date fixed for hearing, that such a requirement would be difficult to implement in practice, and that the issue is pending consideration before a Division Bench of the Allahabad High Court and before the Supreme Court.
- Having held that no remand was required, the Technical Member also decided the matter on merits. He upheld the demand under Section 74 in respect of one invoice, but held that the demand in respect of the other invoice was not sustainable, as the voluntary reversal of ITC before any inquiry, albeit under an incorrect tax head, was a curable and revenue-neutral error, following Lucknow Test House[41] and Rejimon Padickapparambil Alex[42].

Conclusion

- In view of the difference of opinion, the appeal was referred to the Vice President, GSTAT (Uttar Pradesh) under Rule 50 of the GSTAT (Procedure) Rules, 2025, for assignment to a Larger Bench or a third Member, to decide whether the matter is to be decided on merits or remanded.

Dhruva Comments:

The difference of opinion between the Members is not concerning the binding nature of the Allahabad High Court rulings; instead, it is on whether those rulings apply where the taxpayer has filed its reply and has not sought a personal hearing. As adjudication and appellate orders are frequently passed on a date subsequent to the date fixed for hearing, the decision of the Larger Bench on this aspect would have a bearing on the functioning of the GSTAT.

No Section 73 demand is justifiable where shortfall from ineligible ITC is offset by excess output tax paid; such excess not subject to unjust enrichment | GSTAT, Ernakulam | Chennamkudiyil Timbers[43]

Issues for consideration

- Whether a notice under Section 73 can be issued for short payment of tax, where the ineligible ITC is to be recovered is offset by excess output tax paid?
- Whether such excess output tax can be taken into account only through a refund application under Section 54, subject to the test of unjust enrichment, as contended by the Revenue?

Facts

- On a comparison of Form GSTR-3B with Form GSTR-2A for FY 2017-18, a demand was confirmed under Section 73 for ITC not reflected in Form GSTR-2A, tax on sales returns supported by debit and credit notes

[40]Prayaas Trading Corporation v. State of U.P., Writ Tax No. 2988 of 2026 (2026:AHC:134540-DB); Subham Steel Traders v. State of U.P. (2024:AHC:31108-DB); Videocon D2H Ltd. v. State of U.P., (2016) 93 UPTC 237 (DB); and Aroma Chemicals v. Union of India (2014:AHC:60699-DB)

[41]Lucknow Test House v. Shashi Bhushan Singh, Additional Commissioner Grade-II, State Tax, Lucknow, APL/36/LCK/2026, GSTAT, Lucknow Bench, order dated August 27, 2026

[42]Rejimon Padickapparambil Alex v. Union of India, 2024-TIOL-2024-HC-KERALA-GST

[43]TS-891-GSTAT(ERN)-2026-GST

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not declared on the portal, and interest for belated filing of returns.

- The appellant demonstrated that the output tax paid by it exceeded its liability as per Form GSTR-1 by an amount greater than the ITC disallowed.
- The appellate authority rejected the appellant's submissions in a single line and permitted it to file a separate refund application for the excess output tax. Before the Tribunal, the Revenue contended that output liability and ITC operate independently, and that excess output tax could be returned only through a refund under Section 54, which is subject to verification of unjust enrichment.

Findings of the Tribunal

- The appellate order was non-speaking and passed in violation of the principles of natural justice. However, considering that the dispute pertained to FY 2017-18, the Tribunal, instead of remanding the matter, proceeded to decide it on merits.
- Where the excess output tax paid exceeds the ITC disallowed, there is no short payment of tax warranting proceedings under Section 73. Requiring the taxpayer to pay the shortfall and then claim a refund would be an exercise in futility. The Tribunal relied on Rejimon Padickapparambil Alex, which treats the electronic credit ledger as a pool of funds.
- The Revenue's objection on unjust enrichment was misplaced, as a refund of output tax paid in excess of the liability falls within Section 54(8)(c) and is, in any case, not subject to the test of unjust enrichment.
- The demand on sales returns was confirmed on a ground not taken in the SCN. In any case, in FY 2017-18 there was no mandatory requirement to declare credit and debit notes on the portal, as Form GSTR-2A became relevant for this purpose only from October 2019.
- The interest demand was vague: the SCN did not specify the months, the tax or the period, and the amounts in the SCN and the order differed without explanation.

Conclusion

- The appeal was allowed and the OIA was set aside, with consequential relief.

Dhruva Comments:

The ruling reiterates that where a taxpayer has paid output tax in excess of its liability, no demand can be raised for the shortfall arising from disallowance of ITC to the extent of such excess. It clarifies that excess output tax, being covered by Section 54(8)(c), is not subject to the test of unjust enrichment.

The ruling is in line with other recent rulings of the Tribunal[44] holding that revenue-neutral errors, such as reporting of tax or ITC under an incorrect tax head, do not by themselves warrant a demand.

Service Tax – Overseas line producers that only arrange third-party services for film shoots abroad are intermediaries; service tax demand under reverse charge set aside | CESTAT, Mumbai | Yash Raj Films[45]

Issue for consideration

- Whether services of overseas Local Area Representatives ('LARs') or line producers engaged for film shoots abroad are taxable in India under reverse charge, or are intermediary services whose place of provision is outside India and hence beyond the scope of service tax levy?

Facts

- For the period from 2013-14 to June 2017, the Department treated overseas LARs as providing film production services to the appellant on a principal-to-principal basis, and demanded service tax under reverse charge. An OIO confirmed the demand with interest and penalties under Sections 77 and 78 of the Finance Act, 1994.
- The appellant contended that it alone was the producer and retained creative, budgetary and business control, and that the LARs merely procured

[44] See, for instance, Sunil Steels v. Commissioner of State GST, GSTAT, Thiruvananthapuram, order dated October 08, 2026; and Lucknow Test House v. Shashi Bhushan Singh, APL/36/LCK/2026, GSTAT, Lucknow Bench, order dated August 27, 2026

[45] Final Order No. A/86345/2026 in Service Tax Appeal No. 85323 of 2023, dated October 15, 2026

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services such as locations and equipment from third parties against a fixed fee.

Findings of the Tribunal

- The Production Assistance Agreement with the LAR showed that the appellant retained exclusive creative and budgetary control, that the LAR's role was limited to procuring services, and that the LAR was paid a fixed fee from an advanced budget.
- The third-party providers supplied their services directly to the appellant, with the LAR acting as an intermediary. The Tribunal examined the three tests for intermediary services set out in paragraph 5.9.6 of the Education Guide on Taxation of Services issued by the Ministry of Finance, and held that each of them was satisfied:
  - Nature and value of the underlying services not altered: The LAR could not alter the nature of the services arranged abroad, or their consideration, which was fixed under the contractual arrangements.
  - Separation of value: The LAR's remuneration was a fixed fee, independent of the amounts paid for the services procured abroad.
  - Identifiable main supply: The main supplies, such as location rental, facilities, manpower and services of artists, were provided by the foreign suppliers and were distinct from the LAR's facilitation role.
- The LARs were therefore intermediaries under Rule 2(f) of the Place of Provision of Services Rules, 2012, and under Rule 9(c), the place of provision of their services was the location of the service provider, which was outside India. The services were therefore not taxable, and reverse charge did not apply. Receipt of foreign production incentives did not make the LARs film producers.

Conclusion

- The appeal was allowed and the demand, with interest and penalties, was set aside.

Dhruva Comments:

The principles laid down on the scope of intermediary services, namely retention of control by the recipient, a facilitation fee separate from the cost of underlying services, and identifiable underlying supplies, would apply under the GST regime, given that the definition of "intermediary" in Section 2(13) of the IGST Act is substantially similar. The ruling may serve as a precedent in GST disputes relating to the period prior to the omission of Section 13(8)(b) of the IGST Act.

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Regulatory Updates

GSTN Advisory[46] | "Multistate Registration" facility for GST registration

- An option for "Multistate Registration" has been introduced on the GST Portal, enabling persons seeking registration in more than one State/Union Territory ('UT') under the same Permanent Account Number ('PAN') to apply for registration in multiple States/UTs through a single process. This is a procedural facility on the portal for applications under Rule 8 of the CGST Rules, and does not alter the requirement of obtaining a separate registration in each State/UT.
- At present, the facility is available only for applications for registration as a normal taxpayer (i.e., regular registration under Section 22 or 24 of the CGST Act), and not for other types of registration such as casual taxable persons, non-resident taxable persons or persons required to deduct or collect tax at source.
- A separate "Multistate Registration" tab has been provided on the homepage of the GST Portal. On selection of the required States/UTs, a Master Temporary Reference Number ('TRN') is generated.
- Using the Master TRN, the applicant is required to furnish Common Registration Information ('CRI'), comprising business details, promoter/partner details, authorised signatory, authorised representative and goods and services. The Master TRN is required to be submitted within 15 days.
- Once the CRI is submitted, individual TRNs are generated for each selected State/UT, with the CRI auto-populated and editable. The applicant is thereafter required to furnish details of the Principal Place of Business, Additional Places of Business, State-specific information and Aadhaar authentication.

GSTN Advisory[47] | Annual returns in Form GSTR-9/9C for FY 2025-26 enabled

- Annual returns in Form GSTR-9 and Form GSTR-9C for Financial Year 2025-26 have been enabled on the GST Portal from October 08, 2026.
- The facility to file Forms GSTR-9 and GSTR-9C will be available only where all returns in Forms GSTR-1 and GSTR-3B for FY 2025-26 have been filed. Taxpayers facing difficulties may raise a ticket on the helpdesk of the Goods and Services Tax Network ('GSTN').
- The due date for filing the annual return for FY 2025-26 is December 31, 2026.

GSTN Advisory[48] | e-Invoicing facility for recipient-generated self-invoices under reverse charge (RCMDOM and RCMIMP)

- Following the GST Council's recommendation in its 57th meeting to extend e-invoicing to domestic supplies received from unregistered persons under reverse charge and to import of services, for taxpayers with aggregate annual turnover of ₹5 crore and above, two new supply types have been introduced in the e-invoice framework: "RCMDOM" for such domestic supplies and "RCMIMP" for import of services.
- Eligible registered recipients will be required to report self-invoices on an authorised Invoice Registration Portal ('IRP') by selecting the relevant supply type, and obtain an Invoice Reference Number on successful validation. The scope, applicability and effective date of the requirement will be prescribed through notifications to be issued separately.
- The functionality has been implemented in the sandbox environments of all six IRPs for testing and integration. Technical specifications and validations will be released separately, and GSTN proposes to conduct a webinar for taxpayers. The date of production roll-out will be communicated separately.

[46] GSTN Advisory dated October 01, 2026

[47] GSTN Advisory dated October 13, 2026

[48] GSTN Advisory dated October 16, 2026

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Public Consultation[49] | Alternate mechanism for amendment of tax liability and ITC in Form GSTR-3B

- The GST Council in its 57th meeting recommended that liability and ITC auto-populated in Form GSTR-3B should no longer be editable directly. Instead, corrections of liability are proposed to be made through Forms GSTR-1/1A and the Invoice Furnishing Facility ('IFF'), and management of ITC through the Invoice Management System ('IMS'), the Electronic Credit Reversal and Re-claimed Statement, the reverse charge mechanism ('RCM') statement, and Forms GST PMT-04 and PMT-10.
- Some of the key proposals are as follows (illustrative list):
  - Supply-type-wise reporting of credit notes, debit notes and advances in Form GSTR-1;
  - Amendment of details of earlier periods, including the recipient's GSTIN, through Form GSTR-1A;
  - A facility in Form GST DRC-03 to declare, within seven days, the invoices in respect of which tax has been paid in proceedings, to avoid double payment and enable the recipient to avail ITC;
  - Notification of the RCM statement (Form GST PMT-02B) and the credit reversal and re-claim statement (Form GST PMT-02A), with ITC claims capped at the available balances;
  - IMS to be the mandatory route for managing ITC, with credit notes permitted to be kept pending for a longer period;
  - An option for suppliers to link credit and debit notes with the original invoices;
  - A new Table 4(AA) in Form GSTR-3B for reclaimed ITC, and a new Form GST PMT-10 to rectify excess permanent reversals; and
  - Changes in the manner of distribution of ineligible ITC by an Input Service Distributor ('ISD').
- The draft amendments to the CGST Rules and Forms, and a draft circular on reporting of ITC in Form GSTR-3B, to this effect, have been placed for comments by November 30, 2026. The mechanism is proposed to apply from the return period of April 2027.

GSTN Advisories to Tax Officers[50] | Automation of refund processing from November 01, 2026

- Rules 90, 91 and 92 of the CGST Rules have been amended by Notification No. 05/2026-Central Tax dated October 26, 2026, with effect from November 01, 2026, to reduce the time limit for acknowledgement of refund applications from 15 to 10 days with a deemed acknowledgement thereafter, to provide for system-generated provisional refunds within three working days of acknowledgement, and for automatic refund of excess balance in the electronic cash ledger. GSTN has issued advisories to tax officers on the corresponding changes on the portal, as under:
- Auto-acknowledgement: The acknowledgement[51] will be issued automatically on the 11th calendar day from the filing of a refund application, where the officer has neither acknowledged it nor issued a deficiency memo[52], and the application has not been withdrawn. This applies to most refund categories, including inverted duty structure, exports and supplies to Special Economic Zones ('SEZ'), irrespective of risk score or whether the Application Reference Number ('ARN') is assigned. Once the application is auto-acknowledged, a deficiency memo cannot be issued.
- Auto-issuance of provisional refund: The provisional refund order[53] will be issued by the system within three days of acknowledgement, for exports of goods and services, supplies to SEZ and inverted duty structure refunds, where the applicant is Aadhaar-authenticated, the application is low-risk, no goods of notified Harmonized System of Nomenclature ('HSN') codes[54] or export duty are involved, and no

[49] Public consultation on the alternate mechanism for amendment of liability and ITC in Form GSTR-3B recommended by the GST Council in its 57th meeting; comments due by November 30, 2026

[50] GSTN Advisories for tax officers dated October 31, 2026 on auto-acknowledgement (Form GST RFD-02), auto-issuance of provisional refund order (Form GST RFD-04), and auto-processing of refund of excess balance in electronic cash ledger (Forms GST RFD-06 and RFD-05) with interdiction

[51] Form GST RFD-02

[52] Form GST RFD-03

[53] Form GST RFD-04

[54] Goods notified under Notification No. 14/2025-Central Tax dated September 17, 2025 and, for refunds on account of inverted duty structure, Notification No. 5/2017-Central Tax (Rate) dated October 18, 2017

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proceedings are pending on earlier refunds. The payment order[55] will follow automatically once the bank account is validated. Where these conditions are not satisfied, no provisional refund will be granted and the refund will be decided by the proper officer through a final order.

- Refund of excess balance in electronic cash ledger: Applications by Aadhaar-authenticated taxpayers will be auto-processed, with the final order[56] being generated after automatic adjustment of pending recoverable demands (other than cross-head demands), followed by the payment order.
- A new "Refund Interdictor" role has been introduced, enabling officers to stop auto-issued payment orders where a refund is to be withheld under Section 54(10) or 54(11), at the ARN or GSTIN level, with the orders for withholding and release of refund[57] being generated by the system.
- The above changes apply only to refund applications filed on or after November 01, 2026.

GSTN Advisory[58] | Important changes in Form GST REG-01 for GST registration

- Form GST REG-01 has been substituted by Notification No. 05/2026-Central Tax dated October 26, 2026, with effect from November 01, 2026, and Circular No. 257/03/2026-GST of the same date has clarified the documents required for registration. The revised form has been implemented on the GST Portal.
- "One Person Company" has been introduced as a separate category of constitution of business, with prescribed supporting documents for each constitution. New fields have been added for the SEZ Entity ID, for e-commerce operators liable under Section 9(5) (physical presence and authorised representative), and for the Director Identification Number ('DIN') of designated partners of Limited Liability Partnerships ('LLPs').
- The categories of possession of the principal and additional places of business have been standardised, with specified supporting documents for each, as under:
  - Owned premises;
  - Premises owned by a deceased ancestor;
  - Rented or leased premises;
  - Premises used on the basis of consent;
  - Co-working spaces; and
  - Premises in an SEZ.
- The list of nature of business activities has also been expanded.
- Details of up to 10 bank accounts may be furnished at the time of application, failing which they must be furnished within 30 days of grant of registration. The Corporate Identity Number ('CIN'), Foreign Company Registration Number, LLP Identification Number and Foreign LLP Identification Number will be validated online, and the ARN will be generated only after successful validation.

GSTN Advisory[59] | Key changes in the GST registration amendment process

- Rule 19 of the CGST Rules, governing amendment of registration, has been substituted by Notification No. 05/2026-Central Tax dated October 26, 2026, with effect from November 01, 2026. Accordingly, applications for amendment of the Principal Place of Business will continue to be examined and approved by the proper officer.
- Amendments of other particulars, such as legal name, addition or deletion of partners and directors, and additional places of business, will be deemed to be approved upon submission of the application, subject to online validation.
- One-time password ('OTP') verification of the mobile number and e-mail of the Primary Authorised Signatory and one selected promoter/partner/director is mandatory within three days of submission, failing which the ARN will not be generated. PAN, DIN and CIN will be validated online.

[55] Form GST RFD-05
[56] Form GST RFD-06
[57] Form GST RFD-07
[58] GSTN Advisory dated November 01, 2026
[59] GSTN Advisory dated November 01, 2026

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GSTN Advisory[60] | Simplified Registration Scheme for e-commerce sellers under Rule 14B

- Rule 14B has been inserted in the CGST Rules by Notification No. 05/2026-Central Tax dated October 26, 2026, with effect from November 01, 2026. It enables suppliers selling goods through e-commerce operators ('ECOs') that collect tax at source to obtain registration in a State/UT where they have no physical place of business, by declaring the ECO's warehouse as their place of business. The corresponding facility has been introduced on the GST Portal.
- Eligibility conditions include: no physical presence or active regular registration in that State/UT; an active regular registration ('Home State GSTIN') under the same PAN elsewhere, not under Rule 14A or 9A; no cancellation proceedings on the Home State GSTIN; output tax on supplies to registered persons not exceeding ₹2.5 lakh per month; and use of the registration exclusively for supplies through ECOs.
- The ECO is required to provide its consent for use of its warehouse address within seven working days. Biometric Aadhaar authentication of the Home State GSTIN is required where not already completed, within 15 days of submission of Part B of Form GST REG-01.
- The application is deemed approved on successful field visit or 30 days from generation of the ARN, whichever is earlier. A negative field visit report on the Home State GSTIN will result in automatic rejection of all pending applications under Rule 14B.

GSTN Advisory[61] | Revised process for approval of applications for cancellation of registration

- Rule 20 of the CGST Rules, governing applications for cancellation of registration, has been substituted by Notification No. 05/2026-Central Tax dated October 26, 2026, with effect from November 01, 2026, providing for electronic approval of applications in specified cases. The corresponding changes have been implemented on the GST Portal, as under:
- An application for cancellation[62] can be submitted only if all returns due up to the effective date of cancellation have been filed. Where Form GSTR-1 or IFF for a period has been filed, Form GSTR-3B for that period must also be filed.
- For composition taxpayers, non-resident taxable persons, suppliers of Online Information Database Access and Retrieval services and ISDs, registration will be cancelled through electronic approval, without officer intervention, once the required returns are filed within time.
- For regular, casual and SEZ taxpayers, electronic approval applies where output tax liability does not exceed ₹2.5 lakh for any tax period. Where it does, the final return in Form GSTR-10 must be filed within three days for electronic approval. Otherwise, the application is assigned to the jurisdictional officer.

GSTN Advisory[63] | Enhancements to the composition levy functionality

- Pursuant to the substitution of Form GST REG-01 and Rule 19 of the CGST Rules by Notification No. 05/2026-Central Tax dated October 26, 2026, the composition levy functionality on the GST Portal has been aligned with Section 10(2A) of the CGST Act, which enables registered persons not eligible under Section 10(1) to opt for composition.
- A new category "Person eligible for composition levy under Section 10(2A)" has been introduced in the forms for registration, opting in and opting out of composition, and amendment of registration[64]. Taxpayers may select either the existing categories under Section 10(1) or the new category, but not both.
- Composition taxpayers may now change their category through an amendment application[65], and must ensure that the category is updated consistently across all GSTINs under the same PAN.

[60] GSTN Advisory dated November 01, 2026
[61] GSTN Advisory dated November 01, 2026
[62] Form GST REG-16
[63] GSTN Advisory dated November 01, 2026
[64] Forms GST REG-01, CMP-02, CMP-04 and REG-14
[65] Form GST REG-14

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GSTN Advisory[66] | TDS registration for dealers in scrap and other notified goods

- Notification No. 07/2026-Central Tax dated October 27, 2026 has extended the provisions for tax deduction at source ('TDS') under Section 51, which applied to metal scrap (Chapters 72 to 81), to used cooking oil (heading 1518), waste and scrap of plastics (heading 3915), waste and scrap of tyres (heading 4004) and electrical and electronic waste and scrap (heading 8549).
- Persons required to deduct tax in respect of such goods are required to select "Others" under constitution of business in Form GST REG-07 and specify the relevant category.

GSTN Advisory to Tax Officers[67] | Reason for cancellation in Form GST REG-17 under substituted Rule 21

- Rule 21 has been substituted by Notification No. 05/2026-Central Tax dated October 26, 2026. Registration is now liable to be cancelled where a composition taxpayer has not filed the annual return beyond three months from the due date; a monthly filer has not filed returns for a continuous period of six months; a quarterly filer has not filed returns for two consecutive tax periods; or the person violates the provisions of Rule 10A or the specified provisos to Rule 23(1).
- As the list of reasons available in Form GST REG-17 on the portal has not yet been aligned with the substituted rule, officers have been advised to select "Others" and specify the reason in accordance with the amended Rule 21.

[66] GSTN Advisory dated November 01, 2026

[67] GSTN Advisory for tax officers dated November 01, 2026

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