GST NEWSLETTER

COMMERCIAL TAX DEPARTMENT, GOVERNMENT OF KARNATAKA

Edition : 5, March 2026 E-mail: gstctdkarnataka@gmail.com Ph. No. 080 22370792

FROM THE DESK OF EDITOR

S.R. Thulasidas
Editor

The financial year 2025–26 has concluded on a highly encouraging note, with the Department successfully achieving the targets set for it. This accomplishment is particularly noteworthy in the context of rate rationalisation measures, which typically pose inherent challenges to revenue mobilisation. Despite such constraints, the Department has demonstrated remarkable resilience, adaptability, and administrative efficiency, making this achievement a truly commendable milestone.

This success reflects the unwavering commitment, dedication, and sustained efforts of officers at all levels. Notably, during the critical closing months of the financial year, officers exhibited exceptional focus and determination by strategically directing their efforts towards key areas such as recovery of collectable arrears, identification and monitoring of non-filers, and the timely completion of adjudication and enforcement proceedings. Their proactive and result-oriented approach has not only ensured the achievement of revenue targets but has also reinforced the broader framework of tax compliance and governance.

It is therefore both appropriate and necessary to extend sincere congratulations to all officers for their exemplary performance and steadfast commitment to duty. Building upon these efforts, the present edition of the newsletter offers a carefully curated compilation of significant High Court judgments relevant to day-to-day tax administration. These include important rulings on the requirement of granting personal hearings, adherence to procedural safeguards in matters relating to GST registration, eligibility of Input Tax Credit (ITC) for bona fide purchasers, limitations on recovery proceedings against unrelated entities, the scope of summons during GST investigations, and the principles governing proper service of notices. Such consolidated legal references are intended to promote consistency, clarity, and legal soundness in decision-making.

In addition, the newsletter features analytical articles contributed by officers on selected areas of taxation. These contributions are expected to encourage critical thinking, deepen subject knowledge, and facilitate the exchange of practical insights. Such initiatives play an important role in enhancing professional competence and improving the quality of administrative functioning.

Recognising the importance of fostering a positive work environment, this edition also highlights the vibrant celebrations of International Women's Day held at the Commissioner's Office. The event saw enthusiastic participation from women officers and staff, along with senior officials, and featured a range of engaging activities that reflected the Department's commitment to inclusivity, recognition, and encouragement of women's contributions.

I once again place on record my sincere appreciation for the collective efforts of all officers in achieving the Department's objectives. It is hoped that this momentum will not only be sustained but further strengthened in the coming financial year. I also encourage all officers to actively contribute to future editions of the newsletter, as such participation will enrich its content and enhance its practical relevance, ultimately contributing to more effective and informed tax administration.

Index of Judgments

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1	Maya Store &Anr.	Union of India & Others	2025	High Court At Calcutta	WPA 19924 Of 2025	5	The Calcutta High Court held that granting a personal hearing under Section 75(4) of the CGST/WBGST Act is mandatory before passing any adverse GST order, as part of natural justice. Accordingly, in Maya Store &Anr. vs Union of India & Others, the Court set aside the adjudication order due to lack of hearing and remanded the matter for fresh adjudication with due opportunity to the taxpayer.
2	Kathiravan	The Commissioner of State Tax, Tamil Nadu &Anr.	2026	Madras High Court	W.P.(MD)No. 2286 of 2026	6	The Madras High Court held that passing GST assessment orders without granting a personal hearing violates the principles of natural justice, even in digital proceedings. Accordingly, the Court set aside the impugned orders and remanded the matter for fresh adjudication with directions to provide a proper opportunity of hearing to the taxpayer
3	Tvl. Bharakath Metal Builders	Appellate Deputy Commissioner (CT) & Another	2026	Madras High Court	W.P.(MD)No. 4461 of 2026	6	The Madras High Court held that bona fide delays in filing GST appeals may be condoned to ensure matters are decided on merits rather than dismissed on technical grounds. Accordingly, the delay was condoned subject to an additional 10% pre-deposit, with directions to hear the

Sl. No.	Name of Petitioner	Name of Respondent	Year	Court	WP / Appeal No.	Page No.	Issue / Crux of Judgment
							appeal afresh after providing due opportunity.
4	Shashi Kumar Choudhury	Union of India &Ors.	2026	Gauhati High Court	WP(C)/878/ 2026	7	The Gauhati High Court held that vague show cause notices and lack of independent decision-making by authorities violate principles of natural justice in GST proceedings. Accordingly, the cancellation and related orders were set aside, with liberty granted to initiate fresh proceedings based on a proper and reasoned notice
5	Malaya Rub-Tech Industries	Union of India & Others	2022	High Court Of Tripura	WP(C) No.849 of 2022	8	The Tripura High Court held that bona fide purchasers cannot be denied Input Tax Credit due to a supplier's GST default, except in cases of fraud or collusion. Accordingly, the recovery order was set aside, and the petitioner was allowed ITC, reinforcing protection for genuine taxpayers under GST.
6	M/s Ramms India Private Limited	DCCT(Audit)-3.1 & Others	2025	High Court of Karnataka	WP 34270 of 2025	8	The Karnataka High Court held that GST recovery cannot be imposed on a company not directly liable, merely due to a common director with another company. Accordingly, the recovery notice was quashed, upholding the separate legal identity of companies and the requirement for strict statutory compliance.
7	M/s Aarthi Traders & others	Directorate General Of Goods And Services Tax Intelligence,	2024	High Court of Delhi	W.P.(CRL) 1872/2024	9	The Delhi High Court held that summons under Section 70 of the CGST Act are procedural tools for

Sl. No.	Name of Petitioner	Name of Respondent	Year	Court	WP / Appeal No.	Page No.	Issue / Crux of Judgment
		Delhi.					inquiry and evidence collection, not legal proceedings or determination of liability. Accordingly, the writ petition was dismissed, affirming the legitimacy of GST investigations while safeguarding taxpayer rights.
8	Manikjeet Singh Kals	Union Of India &Ors	2025	High Court of Delhi,	W.P.(C) 4682/2025	9	The Delhi High Court held that appeals against GST orders by Joint or Additional Commissioners must be filed before the Commissioner (Appeals) with territorial jurisdiction over the adjudicating officer. The Court allowed the petitioner to file the appeal by 31 January 2026 with the required pre-deposit, emphasizing centralized adjudication and exhaustion of statutory remedies.
9	Tvl. MuralikrishnaInfracon Bangalore Private Limited	The Commissioner of Commercial Taxes, Chennai and Others.	2026	Madras High Court	W.P(MD) No.5940 of 2026	10	The Madras High Court held that purchasers should not be penalized for ITC mismatches arising from supplier defaults, especially during early GST implementation. Accordingly, the adjudication order was set aside, and the matter was remanded for fresh adjudication with an opportunity for the petitioner to cooperate and deposit an additional 10% of the disputed tax.

Sl. No.	Name of Petitioner	Name of Respondent	Year	Court	WP / Appeal No.	Page No.	Issue / Crux of Judgment
10	Tvl. SPR Enterprises	The Deputy State Tax Officer-2, Madhurai and Others	2026	MADRAS HIGH COURT	W.P.(MD) No.4195 of 2026	10	The Madras High Court held that uploading GST notices on the portal alone is insufficient, and effective service must be ensured before passing adverse orders. Accordingly, the assessment order was set aside, and the matter was remanded for fresh adjudication with an opportunity of hearing upon deposit of 25% of the disputed tax.
11	Pinnacle Motor Works Private Limited	Deputy Commissioner (Adjudication), Thrissur and others.	2024	High Court Of Kerala	WP(C) NO. 21609 OF 2024	11	The Kerala High Court held that bona fide errors in revised TRAN forms should be rectified, and taxpayers should not be penalized for inadvertent omissions. Accordingly, the assessment order was quashed, directing authorities to allow rectification and reconsider the transitional ITC claim after providing an opportunity for hearing.

Opportunity of Personal Hearing Mandatory Under Section 75(4) – Calcutta High Court Sets Aside GST Adjudication Order

High Court At Calcutta
WPA 19924 Of 2025
Dated:23.03.2026.

In a significant ruling, the Calcutta High Court in Maya Store &Anr. vs Union of India & Others (WPA 19924 of 2025) reiterated the mandatory requirement of granting an opportunity of personal hearing before passing an adverse order under the GST law. The case pertained to an adjudication order dated 14 December 2023 passed under Section 73 of the CGST/WBGST Act, 2017 for the tax period from 1 July 2017 to 31 March 2018.

The petitioners challenged the order on the ground that it had been issued without providing them any opportunity of personal hearing, despite the order having serious adverse consequences. During the hearing, the High Court called for a report from the CGST authorities to clarify whether such an opportunity had been provided to the petitioners. The department submitted that a hearing notice had allegedly been issued through the ACES-GST application available on the CITRIX Appstore. However, the report further revealed that the said application had been withdrawn from June 2025 onwards and no record, proof, or screenshot of the alleged online notice was available.

In the absence of documentary evidence proving service of the notice, the Court observed that it could not be concluded that the petitioners were given a reasonable opportunity of hearing. Referring to Section 75(4) of the CGST/WBGST Act, 2017, the Court emphasized that where an adverse decision is contemplated, granting a personal hearing is mandatory and forms part of the principles of natural justice. Failure to provide such an opportunity renders the adjudication order legally unsustainable.

Accordingly, the High Court set aside the impugned adjudication order and remanded the matter to the Proper Officer for fresh adjudication. The petitioners were granted two weeks' time to file their reply to the show cause notice, after which the Proper Officer must pass an order in accordance with law and provide an opportunity of hearing if an adverse decision is proposed.

This judgment highlights the importance of procedural fairness in GST adjudication and underscores that compliance with statutory hearing requirements and principles of natural justice is indispensable before passing orders affecting taxpayers.

The Calcutta High Court held that granting a personal hearing under Section 75(4) of the CGST/WBGST Act is mandatory before passing any adverse GST order, as part of natural justice.

Accordingly, in Maya Store & Anr. vs Union of India & Others, the Court set aside the adjudication order due to lack of hearing and remanded the matter for fresh adjudication with due opportunity to the taxpayer.

-Editor

Madras High Court Sets Aside GST Assessment Orders Passed Without Personal Hearing

Madras High Court
W.P.(MD)No.2286 of 2026
Dated: 16.02.2026

In a significant ruling emphasizing adherence to the principles of natural justice, the Madurai Bench of the Madras High Court, in W.P.(MD) No. 2286 of 2026, set aside GST assessment orders passed without providing an opportunity for personal hearing to the taxpayer.

The petitioner challenged the assessment orders dated 08.01.2024 and 29.04.2024 issued by the State Tax Officer, Woraiyur Assessment Circle, Tiruchirappalli under Section 74 of the CGST/TNGST Act, 2017 for the assessment years 2017-18 and 2018-19. The orders demanded tax amounts of 18,74,742 and 9,40,694 respectively. The petitioner contended that although replies to the show cause notices were submitted in person, the same were not uploaded on the GST portal. Consequently, the assessing authority proceeded with the adjudication stating that no reply had been filed through the portal and passed the impugned orders without granting any personal hearing.

During the hearing, the Government Advocate fairly admitted that no personal hearing had been provided prior to passing the orders. The petitioner also complied with the interim direction of the Court by depositing 25% of the disputed tax amount. Considering these facts, the Court observed that the assessment orders had been passed in violation of the principles of natural justice since the petitioner was denied a reasonable opportunity to present his case.

Accordingly, the Court set aside the impugned orders and remanded the matter to the State Tax Officer for fresh consideration. The petitioner was directed to file a detailed reply along with supporting documents within two weeks from the date of receipt of the order. Thereafter, the assessing authority was instructed to issue a clear 14-day notice for personal hearing and pass a fresh order on merits in accordance with law.

This ruling reiterates that even in GST proceedings conducted through digital platforms, authorities must ensure compliance with procedural fairness and provide adequate opportunity of hearing before finalizing assessments.

The Madras High Court held that passing GST assessment orders without granting a personal hearing violates the principles of natural justice, even in digital proceedings.

Accordingly, the Court set aside the impugned orders and remanded the matter for fresh adjudication with directions to provide a proper opportunity of hearing to the taxpayer.

-Editor

Madras High Court Allows Condonation of Delay in Filing GST Appeal Subject to Additional Pre-Deposit

Madras High Court
W.P.(MD)No.4461 of 2026
Dated: 17.02.2026

In a significant ruling, the Madurai Bench of the Madras High Court in Tvl. Bharakath Metal Builders vs. Appellate Deputy Commissioner (CT) & Another (W.P.(MD) No. 4461 of 2026, dated 17.02.2026) provided relief to the taxpayer by condoning a delay in filing an appeal under the GST regime, subject to payment of an additional pre-deposit.

The petitioner challenged the order of the Appellate Deputy Commissioner rejecting its appeal on the ground of limitation. The assessment order had been passed earlier, but the appeal was filed with a delay of 150 days beyond the condonable period prescribed under the GST law. The appellate authority rejected the appeal solely on the ground that it was filed beyond the statutory time limit.

Before the High Court, the petitioner submitted that the delay occurred due to the failure of the accountant, which resulted in the taxpayer being unaware of the assessment order and the consequent time limitation. The petitioner also pointed out that a rectification application had been filed in the meantime, which further contributed to the delay in filing the appeal. Importantly, the petitioner had already complied with the statutory requirement of 10% pre-deposit of the disputed tax amount while filing the appeal and expressed willingness to deposit an additional 10% of the disputed tax to demonstrate bona fides.

After considering the submissions and examining the records, the Court observed that the reason provided for the delay appeared to be genuine. In order to advance the cause of justice and ensure that the matter is decided on merits rather than on technical grounds, the Court decided to condone the delay.

Accordingly, the High Court set aside the appellate authority's rejection order and directed that the delay of 150 days be condoned, subject to the petitioner paying an additional 10% of the disputed tax amount. Upon payment of this amount, the petitioner was permitted to re-present the appeal, and the appellate authority was directed to take the appeal on record and decide the matter on merits after providing adequate opportunity of hearing.

This judgment reiterates the judiciary's approach that procedural delays should not defeat substantive justice, particularly where the taxpayer demonstrates bona fide conduct and willingness to comply with statutory requirements.

The Madras High Court held that bona fide delays in filing GST appeals may be condoned to ensure matters are decided on merits rather than dismissed on technical grounds.

Accordingly, the delay was condoned subject to an additional 10% pre-deposit, with directions to hear the appeal afresh after providing due opportunity.

- Editor

Gauhati High Court Sets Aside GST Registration Cancellation for Vagueness and Lack of Independent Decision

Gauhati High Court
WP(C)/878/2026
Dated: 17.02.2026

In a significant ruling, the Gauhati High Court in Shashi Kumar Choudhury v. Union of India &Ors. (WP(C) No. 878/2026) reiterated the importance of natural justice and independent exercise of quasi-judicial powers under the GST regime. The Court set aside the cancellation of GST registration and related proceedings on the ground that the actions of the department were mechanical, vague, and influenced by investigative directions.

The petitioner challenged three actions of the GST authorities: the show cause notice dated 10.09.2025, the order cancelling GST registration dated 25.08.2025, and the order rejecting revocation of cancellation dated 31.10.2025. The cancellation was proposed under Section 29 of the CGST Act, 2017 read with Rule 21(e) of the CGST Rules, 2017, alleging that the petitioner had availed Input Tax Credit (ITC) in violation of Section 16 of the CGST Act. However, the notice merely reproduced the statutory provision and failed to specify the tax period, invoices involved, suppliers, or the quantum of alleged ineligible ITC, thereby preventing the taxpayer from giving a meaningful reply.

The Court observed that the show cause notice must serve as the foundation of the proceedings, and it must clearly disclose the allegations and supporting material. A vague notice containing only general allegations cannot satisfy the requirement of due notice and fair hearing. The Court held that such deficiencies strike at the very root of the principles of natural justice, rendering the proceedings arbitrary.

Further, the Court noted that the cancellation order appeared to have been issued based on a request from the investigating authority during the course of investigation, without the proper officer independently evaluating the material. Relying on the Supreme Court decision in Orient Paper Mills Ltd. v. Union of India, the Court emphasized that quasi-judicial powers cannot be exercised under the dictation of another authority.

Accordingly, the High Court set aside the show cause notice, cancellation order, and rejection of revocation, and directed restoration of the petitioner's GST registration. However, the department was granted liberty to initiate fresh proceedings with a detailed show cause notice specifying the precise allegations and supporting documents in accordance with law.

This judgment reinforces that GST authorities must issue reasoned notices and exercise independent judgment while taking drastic actions such as cancellation of registration.

The Calcutta High Court held that granting a personal hearing under Section 75(4) of the CGST/WBGST Act is mandatory before passing any adverse GST order, as part of natural justice.

Accordingly, in Maya Store & Anr. vs Union of India & Others, the Court set aside the adjudication order due to lack of hearing and remanded the matter for fresh adjudication with due opportunity to the taxpayer.

-Editor

Tripura High Court Allows ITC to Bona Fide Purchaser Despite Supplier's Default

High Court Of Tripura
WP(C) No.849 of 2022
Dated: 10.02.2026

In a significant ruling under the GST regime, the Tripura High Court in M/s Malaya Rub-Tech Industries v. Union of India & Others (WP(C) No. 849 of 2022, decided on 10.02.2026) held that Input Tax Credit (ITC) cannot be denied to a bona fide purchaser merely because the supplier failed to deposit the tax with the Government.

The petitioner, a partnership firm engaged in rubber manufacturing and registered under the CGST and SGST Acts, had purchased raw materials from a supplier during the period March 2018 to November 2018. The petitioner claimed ITC on such purchases, asserting that the transactions were genuine and that taxes were paid to the supplier as part of the purchase consideration. However, the tax authorities issued a show cause notice under Section 73 of the CGST Act alleging wrongful availment of ITC on the ground that the supplier had failed to deposit the collected GST with the Government. An order was subsequently passed demanding recovery of 22,09,964 from the petitioner.

Challenging the order, the petitioner argued that it had acted in good faith and had no mechanism under the GST law to compel the supplier to deposit the tax collected from it. The petitioner further contended that penalizing the purchaser for the supplier's default would be unjust and contrary to the scheme of GST.

The High Court relied on its earlier Division Bench decision in Sahil Enterprises v. Union of India and emphasized that Section 16(2)(c) of the CGST Act should be interpreted in a manner that does not impose an impossible burden on bona fide purchasers. The Court observed that a purchasing dealer cannot reasonably ensure that the supplier actually deposits the tax with the Government. Denial of ITC in such circumstances would lead to double taxation and violate the principle of fairness.

Accordingly, the Court held that Section 16(2)(c) must be read down and applied only in cases involving fraudulent or collusive transactions. Since the authorities had not alleged any fraud or collusion, the impugned order was set aside and the petitioner was allowed ITC of 22,09,964.

This judgment reinforces the protection available to bona fide taxpayers under the GST framework and limits the denial of ITC solely to cases involving fraudulent conduct.

The Tripura High Court held that bona fide purchasers cannot be denied Input Tax Credit due to a supplier's GST default, except in cases of fraud or collusion.

Accordingly, the recovery order was set aside, and the petitioner was allowed ITC, reinforcing protection for genuine taxpayers under GST.

-Editor

Karnataka High Court Quashes GST Recovery from Unrelated Company

High Court Of Karnataka
WP 34270 of 2025(T-Res)
Dated: 19.12.2025

In a significant ruling on GST recovery proceedings, the Karnataka High Court set aside a recovery action initiated against a company that was not directly liable for the tax dues in question. The case involved M/s Ramms India Private Limited, whose bank account was attached by tax authorities to recover GST dues allegedly payable by another company, M/s Xylem Resource Management Private Limited (XRMPL).

The dispute arose when the Deputy Commissioner of Commercial Taxes issued a notice in Form GST DRC-13 to recover ₹24,73,000 from Ramms India Pvt. Ltd. through its bank account. However, the original show-cause notice and adjudication order had been issued against XRMPL for the financial year 2022–23. The authorities proceeded against Ramms India mainly because one of its directors, Gautam Chowdhury, was also a director in XRMPL.

The petitioner argued that both companies are separate legal entities under company law and that the tax department cannot recover the liabilities of one company from another merely due to a common director. It was also emphasized that Ramms India was neither a garnishee nor owed any amount to XRMPL, and therefore recovery proceedings against it were legally unsustainable.

After examining the facts, the Court held that the impugned recovery notice was improper and contrary to law. The Court reiterated that lifting the corporate veil cannot be done arbitrarily without proper legal justification. Merely sharing a common director does not make two companies liable for each other's tax obligations.

Accordingly, the High Court quashed the impugned GST DRC-13 notice dated 14 October 2025 and directed the petitioner to appear before the tax authority on 5 January 2026. The authority was further instructed to consider the petitioner's refund claim for the recovered amount and pass appropriate orders within a stipulated time.

This judgment reinforces the principle that tax recovery must strictly follow statutory procedures and respect the separate legal identity of companies.

The Karnataka High Court held that GST recovery cannot be imposed on a company not directly liable, merely due to a common director with another company.

Accordingly, the recovery notice was quashed, upholding the separate legal identity of companies and the requirement for strict statutory compliance.

-Editor

Delhi High Court Clarifies Scope of GST Summons During Investigation

High Court of Delhi,
W.P.(CRL) 1872/2024,
Dated: 30.01.2026.

In a significant ruling, the Delhi High Court addressed the scope and validity of summons issued under Section 70 of the Central Goods and Services Tax (CGST) Act during ongoing investigations. The case arose from a writ petition filed by two brothers, proprietors of a small trading business dealing in "Udaan" brand biri, who challenged the legality of multiple summons issued by the Directorate General of GST Intelligence (DGGI).

The petitioners contended that the summons were issued mechanically and in violation of departmental guidelines. They argued that the search conducted at their premises was irregular and that they were subjected to illegal detention and coercion during the investigation. Further, they sought the release of seized documents and goods, as well as protection from arrest by the authorities.

The DGGI, however, defended its actions by stating that the investigation revealed a large-scale GST evasion scheme involving clandestine trading of biri without proper invoices. According to the department, evidence recovered during searches indicated tax evasion exceeding ₹39 crore, and the summons were issued solely to gather information and record statements as part of the investigation process.

The Court observed that a summons under Section 70 of the CGST Act is merely a tool for inquiry and evidence collection. It does not amount to the initiation of legal proceedings or determination of liability. The Court emphasized that the purpose of a summons is to obtain documents, statements, or information necessary for investigation. Therefore, the issuance of such summons cannot be treated as harassment or premature legal action.

Finding no illegality in the actions of the authorities, the Court dismissed the writ petition as premature. It held that the investigation was still at the inquiry stage and that adequate safeguards exist under the CGST Act regarding arrest and procedural compliance. The petitioners, however, were granted liberty to approach the appropriate forum if future legal proceedings arise.

This ruling reinforces the investigative powers of GST authorities and clarifies that summons issued during inquiries are legitimate procedural steps rather than final legal proceedings.

The Delhi High Court held that summons under Section 70 of the CGST Act are procedural tools for inquiry and evidence collection, not legal proceedings or determination of liability.

Accordingly, the writ petition was dismissed, affirming the legitimacy of GST investigations while safeguarding taxpayer rights.

-Editor

Delhi High Court Clarifies Appellate Jurisdiction in GST Adjudication Cases

High Court of Delhi,W.P.(C) 4682/2025,
Dated: 15.12.2025.

In a significant development relating to Goods and Services Tax (GST) litigation, the Delhi High Court addressed issues concerning appellate jurisdiction and procedural clarity in cases involving allegations of fraudulent Input Tax Credit (ITC). The case arose from a writ petition filed by Manikjeet Singh Kals challenging an order passed by the Joint Commissioner of Central GST regarding alleged fraudulent ITC claims.

The petitioner argued that the show cause notice had been issued by an officer not competent to do so considering the amount involved. It was further contended that the adjudication process created confusion regarding the appropriate appellate authority, as proceedings had links to both Delhi and Faridabad jurisdictions.

During the proceedings, the respondents clarified that although the show cause notice appeared on the GST portal under the name of a Superintendent of the Directorate General of GST Intelligence (DGGI), it had actually been signed by the Joint Director. The Court also examined Circular No. 250/07/2025-GST dated 24 June 2025, which provides procedural clarity regarding review, revision, and appeal in cases adjudicated by common adjudicating authorities.

Relying on the circular and relevant notifications, the Court observed that appeals against orders passed by a Joint or Additional Commissioner should lie before the Commissioner (Appeals) having territorial jurisdiction over the authority under whom the adjudicating officer is posted. In this case, the Court held that the appropriate appellate authority was the Commissioner (Appeals), Gurugram.

The Court also emphasized that in cases involving multiple entities across jurisdictions, adjudication is typically centralized based on the jurisdiction where the highest tax demand arises. This ensures efficiency and prevents multiplicity of proceedings before different authorities.

Ultimately, the Court declined to interfere with the impugned order and directed the petitioner to pursue the statutory appellate remedy. However, it granted relief by allowing the appeal to be filed up to 31 January 2026 without dismissal on limitation grounds, provided the required pre-deposit is made.

This judgment highlights the importance of procedural clarity in GST adjudication and reinforces the principle that statutory remedies should ordinarily be exhausted before invoking writ jurisdiction.

The Delhi High Court held that appeals against GST orders by Joint or Additional Commissioners must be filed before the Commissioner (Appeals) with territorial jurisdiction over the adjudicating officer.

The Court allowed the petitioner to file the appeal by 31 January 2026 with the required pre-deposit, emphasizing centralized adjudication and exhaustion of statutory remedies.

- Editor

Madras High Court Grants Fresh Opportunity in ITC Mismatch Assessment Case

Madras High Court
W.P(MD) No.5940 of 2026
Dated: 04.03.2026

The Madras High Court, Madurai Bench, in Tvl. MuralikrishnaInfracon Bangalore Private Limited vs. Commissioner of Commercial Taxes & Another (W.P.(MD) No. 5940 of 2026), delivered an important ruling concerning Input Tax Credit (ITC) mismatch and reassessment under the Tamil Nadu Goods and Services Tax Act, 2017.

The petitioner challenged an assessment order dated 30.12.2023 passed under Section 73 of the TNGST Act by the State Tax Officer. The assessment was initiated on the ground of a mismatch between the ITC claimed by the petitioner and the invoices reflected on the GST portal. According to the department, the invoices corresponding to the claimed ITC were not uploaded by the supplier, resulting in a discrepancy and consequent denial of credit.

The petitioner contended before the Court that the underlying transactions were genuine and that the mismatch occurred due to the failure of the supplier to upload the relevant invoices on the GST portal. It was argued that the purchaser should not be penalized for the default committed by the seller. The petitioner also submitted that the issue arose during the initial implementation phase of GST when technical difficulties and operational challenges were commonly faced while using the GST portal. The petitioner further expressed willingness to cooperate with the authorities if an opportunity for reconsideration was granted.

After considering the submissions of both parties, the Court observed that the dispute related to the early period of GST implementation and that the petitioner had not effectively participated in the earlier proceedings. Taking a balanced view, the Court set aside the impugned assessment order on the condition that the petitioner deposit an additional 10% of the disputed tax liability. Notably, the petitioner had already paid around 15–16% of the tax liability earlier.

The Court remanded the matter back to the assessing authority for fresh adjudication, directing the petitioner to cooperate in the proceedings and produce relevant documents. The assessing authority was instructed to complete the reassessment expeditiously in accordance with law.

The Madras High Court held that purchasers should not be penalized for ITC mismatches arising from supplier defaults, especially during early GST implementation.

Accordingly, the adjudication order was set aside, and the matter was remanded for fresh adjudication with an opportunity for the petitioner to cooperate and deposit an additional 10% of the disputed tax.

-Editor

Madras High Court: Mere Uploading of Notice on GST Portal Not Sufficient When No Response from Taxpayer

MADRAS HIGH COURT
W.P.(MD)No.4195 of 2026
Dated: 13.02.2026

In a recent ruling, the Madras High Court reiterated the importance of effective service of notices under the GST law and emphasized that tax authorities must ensure that principles of natural justice are followed before passing adverse orders.

The case involved Tvl. L.SPR Enterprises, which challenged an assessment order dated 16.12.2024 and the consequential summary order issued for the tax period January 2024. The petitioner contended that the show cause notice and subsequent communications were only uploaded on the GST common portal and were not otherwise brought to its knowledge. Due to this, the petitioner failed to submit a reply within the prescribed time, resulting in an ex parte assessment order being passed without providing an opportunity for personal hearing.

During the hearing, the Government Pleader appearing for the department admitted that although the notices were uploaded on the GST portal, no personal hearing had been provided prior to passing the impugned order. The petitioner expressed willingness to deposit 25% of the disputed tax amount if an opportunity was granted to contest the matter on merits.

The Court observed that while uploading notices on the GST portal may constitute a valid mode of service, officers must ensure that the service is effective. If the taxpayer fails to respond to portal-based notices, the proper officer should explore other modes of service prescribed under Section 169 of the GST Act, such as sending notices through Registered Post with Acknowledgement Due (RPAD). The Court cautioned that merely completing procedural formalities without ensuring effective communication would defeat the objective of the law and lead to unnecessary litigation.

Accordingly, the Court set aside the impugned assessment order and remanded the matter to the adjudicating authority for fresh consideration, subject to the petitioner depositing 25% of the disputed tax amount within four weeks. The authority was directed to provide a proper opportunity of hearing before passing a fresh order.

The Madras High Court held that uploading GST notices on the portal alone is insufficient, and effective service must be ensured before passing adverse orders.

Accordingly, the assessment order was set aside, and the matter was remanded for fresh adjudication with an opportunity of hearing upon deposit of 25% of the disputed tax.

-Editor

Kerala High Court Allows Rectification of TRAN Forms: Relief for Taxpayers on Bona Fide Errors

High Court Of Kerala WP(C) NO. 21609 OF 2024
Dated: 11.02.2026

In a significant ruling, the Kerala High Court in WP(C) No. 21609 of 2024 provided relief to taxpayers facing denial of transitional input tax credit (ITC) due to inadvertent errors in filing revised TRAN-1 and TRAN-2 forms.

The petitioner, a registered taxpayer, had originally claimed transitional credit of approximately 88 lakh under Section 140 of the CGST Act through TRAN-1 filed in 2017. Subsequently, pursuant to the Supreme Court's directions permitting revision of TRAN forms, the petitioner filed revised TRAN-1 and TRAN-2 in 2022. However, due to a misunderstanding, only the additional credit was reflected in the revised forms, omitting the earlier claimed amounts.

The tax authorities treated the revised filing as superseding the original claim and denied the entire transitional credit, initiating recovery proceedings. The petitioner challenged this action, contending that the omission was a bona fide error and sought an opportunity to correct the revised forms.

The High Court observed that the error was unintentional and noted that it was improbable for a taxpayer to deliberately reduce the credit claim. Importantly, the Court highlighted that verification by authorities had already established eligibility for a substantial portion of the credit.

Addressing the issue of maintainability, the Court held that the writ petition was maintainable despite the availability of an appellate remedy, as the relief sought—permission to rectify TRAN forms—was beyond the scope of statutory authorities.

Emphasizing the need for a liberal approach in cases involving procedural errors without any allegation of tax evasion, the Court quashed the assessment order and directed the authorities to allow rectification of TRAN-1 and TRAN-2. It further instructed reconsideration of the claim after providing an opportunity for hearing.

This judgment reinforces the principle that procedural lapses should not defeat substantive rights, especially in transitional credit matters under GST.

The Kerala High Court held that bona fide errors in revised TRAN forms should be rectified, and taxpayers should not be penalized for inadvertent omissions.

Accordingly, the assessment order was quashed, directing authorities to allow rectification and reconsider the transitional ITC claim after providing an opportunity for hearing.

-Editor

International Women's Day 2026 at Mysuru Division

The Office of the Joint Commissioner of Commercial Taxes, Mysuru, commemorated International Women's Day 2026 with great enthusiasm, embracing the global theme, "Rights. Justice. Action for All Women and Girls." The celebration reflected both recognition and appreciation of the invaluable contributions of women in the field of commercial tax enforcement.

The programme began with the ceremonial watering of a bamboo plant by the Joint Commissioner and senior officials, symbolizing resilience, growth, and the enduring strength of women in public service. In an office primarily engaged in tax compliance and enforcement activities, the occasion provided a meaningful platform to acknowledge the dedication, perseverance, and integrity of women officers who efficiently manage demanding administrative responsibilities alongside challenging field assignments.

A key highlight of the event was a special felicitation ceremony honouring two outstanding women employees. They were recognised not only for their professional excellence but also for their inspiring personal journeys marked by resilience in the face of adversity. Their achievements served as a powerful reminder that true empowerment lies in overcoming societal barriers and embodying the spirit of progress and inclusion.

The celebration was further enlivened by a vibrant cultural programme. Employees enthusiastically participated in traditional and contemporary dance performances, theatrical skits, and a singing competition that showcased exceptional talent and creativity. The performances beautifully reflected themes of equality, unity, and cultural richness. Adding to the excitement were engaging gaming activities, which fostered team spirit and camaraderie among participants.

The event concluded with an inspiring message from the Joint Commissioner, emphasizing the importance of fostering a workplace culture rooted in equality, respect, and opportunity. The call to action encouraged everyone to carry forward the spirit of inclusivity and appreciation beyond the celebration and into everyday work life.

Artificial Intelligence in Tax Administration: Emerging Hybrid Model in India

M. Balasubramanya
JCCT(Admin), Mysuru

The rapid advancement of Artificial Intelligence (AI) is transforming governance systems across the world, and tax administration is no exception. In India, the integration of AI-driven technologies into the tax ecosystem is gradually reshaping how authorities monitor compliance, detect irregularities, and assist taxpayers. While AI is not expected to completely replace human intervention, it is increasingly functioning as a powerful support system, creating a hybrid model of tax administration that combines technology with human oversight.

India's tax authorities have already begun leveraging data analytics and AI-based tools to enhance efficiency and transparency. Institutions such as the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC) are adopting advanced digital systems to strengthen compliance management. According to reports from the Ministry of Finance, AI tools are currently being used to identify high-risk taxpayers, detect financial anomalies, streamline case selection for scrutiny, and reduce discretionary decision-making through automated workflows. These developments align with India's broader digital governance initiatives aimed at modernizing revenue administration.

One of the prominent examples of AI integration is Project Insight, launched by the Income Tax Department in 2017. This initiative serves as a data analytics platform designed to improve compliance monitoring and risk assessment. The system consolidates information from multiple sources such as PAN records, TDS data, Annual Information Returns (AIR), and other socio-economic databases. By analyzing these large datasets, the platform can identify discrepancies between declared income and financial activities, enabling authorities to detect potential tax evasion more effectively

AI-powered systems are also improving the overall efficiency of tax administration. Instead of relying solely on manual examination of case files, authorities can now analyzedigital data signals to identify irregular patterns and focus investigative resources on high-risk cases. This targeted approach reduces unnecessary scrutiny of compliant taxpayers and encourages voluntary compliance within the tax ecosystem.

However, despite these technological advancements, human judgment remains crucial. Tax officers continue to play a vital role in interpreting complex cases, ensuring fairness, and applying legal principles. The future of tax governance in India therefore lies not in replacing human expertise but in combining it with intelligent technological systems.

In conclusion, the integration of AI in tax administration represents a significant step toward a more efficient, transparent, and data-driven revenue system. As India continues to adopt digital governance reforms, the evolving AI–human hybrid model is expected to enhance compliance, reduce administrative burdens, and strengthen the overall integrity of the tax system.

Article On Gst Implications On Corporate Guarantees – Recent Clarifications

Rajesh K.S
CTO

A corporate guarantee is a legal promise by one company to pay the debts of another if that company fails to do so. It is usually given by a parent or group company director providing assurance to a bank or financial institution to secure the repayment of a loan or other liability incurred by a related entity, most commonly a subsidiary.

Under Section 7 of the KGST/CGST Act, 2017, GST applies to supplies of goods or services made in the course or furtherance of business. Schedule I further expands the scope of “supply” to include transactions between related or distinct persons even when made without consideration. Since holding companies, subsidiaries, group companies, and directors fall within the definition of “related persons” under Section 15, corporate guarantees between such parties may attract GST even if no fee is charged.

A corporate guarantee is treated as a financial liability. which are reported in Other Financial Liabilities of Balance sheet.

Under GST,

Corporate guarantees can be classified into three main types.

(a) Holding Company Guarantee to Subsidiary

This occurs when a holding or group company issues a guarantee to a bank or financial institution for loans availed by its subsidiary. The tax position has been clarified through Notification No. 52/2023-Central Tax dated 26.10.2023, which inserted Rule 28(2) in the CGST Rules, read with Circular No. 204/16/2023-GST dated 27.10.2023.

As per these provisions, such guarantees are treated as a supply of service under Schedule I, even if no consideration is charged. GST is payable under reverse charge mechanism (in case of overseas group entities) and arises once at the time of providing the guarantee, not annually. The taxable value is deemed to be 1% of the guaranteed amount per annum or the actual consideration, whichever is higher.

(b) Cross-Corporate Guarantees Between Group Companies

In cross-corporate guarantees, one group company provides a guarantee to a bank on behalf of another related group company. Circular No. 204/16/2023-GST explicitly clarifies that such arrangements constitute a supply of service under Schedule I, even without consideration.

Rule 28(2), inserted through Notification No. 52/2023-Central Tax, provides a specific valuation mechanism. The value of such corporate guarantee services is deemed to be 1% of the guaranteed amount per annum or the actual consideration charged, whichever is higher. Accordingly, cross-group guarantees between related entities are taxable under GST.

(c) Personal Guarantees by Directors or Promoters

Personal guarantees given by directors or promoters to banks for the company's loans are technically treated as a supply of service under Section 7 read with Schedule I of the CGST Act, because the director and the company are considered related persons

However, as per **Reserve Bank of India Circular No. RBI/2021-22/121 dated 09.11.2021, directors are not allowed to receive any commission or consideration for giving such personal guarantees. Since no payment is permitted, the value of the service under Rule 28 is treated as zero, and therefore no GST is payable.

If the director receives any payment or indirect benefit for providing the guarantee, then GST will be applicable on the amount received.

Further Clarification through Circular No. 225/19/2024-GST

Circular No. 225/19/2024-GST dated 11.07.2024 provided additional clarity on valuation and applicability of Rule 28(2). It confirmed that Rule 28(2) applies from 26.10.2023 and explained the method of computation for guarantees covering multiple years or part of a year.

GST liability on corporate guarantees is calculated at 1% per annum of the guaranteed amount or the actual consideration, whichever is higher. In cases where a guarantee is issued for a fixed term, GST is payable upfront on the cumulative value for the entire period. The taxable value is determined as 1% of the guaranteed amount multiplied by the number of years for which the guarantee is valid, or the actual consideration, whichever is higher..

GSTN Deployments Update – February 2026

The Goods and Services Tax Network (GSTN) has introduced a series of enhancements in February 2026 aimed at improving system efficiency, compliance monitoring, and user experience for both taxpayers and tax officers.

Front Office Enhancements:

The Statistics Page has been updated as of 31 January 2026 to reflect the latest data on E-Way Bills, GSTR-1 and GSTR-3B filings, IGST, registrations, settlements, and tax collections. This ensures stakeholders have access to accurate and up-to-date information. Additionally, a validation has been introduced for filing FORM GST REG-32, which can now be submitted only after the relevant GSTR-3B return has been filed, thereby strengthening compliance.

Back Office – Assessment & Adjudication:

Significant improvements have been made in rectification functionalities. Officers can now view demand status more effectively, and a new assignment logic has been introduced for processing rectification applications. Updates have also been incorporated in the DRC-03 form, particularly in the section selection dropdown.

Further, the system now supports implementation of Section 122A of the CGST Act, enabling officers to initiate and process proceedings under this provision seamlessly through the portal.

A notable feature is the introduction of the facility to issue multiple Show Cause Notices under Sections 73 and 74 for different audit observations, enhancing flexibility in audit enforcement.

Back Office Improvements:

The “View Notices/Orders” and “View Additional Notices/Orders” interfaces have been redesigned for better navigation and improved document visibility.

These updates reflect GSTN's continued efforts to streamline tax administration and enhance digital governance.

Revenue Recovery Certificate under GST: Legal Framework & Procedure

SANGRAM R PATIL

ACCT(Aud)-2, Belagavi

Efficient recovery of confirmed tax dues is a critical aspect of GST administration. The legal framework is primarily provided under Section 79 of the CGST Act, 2017, which empowers the Proper Officer to recover unpaid GST dues, including tax, interest, penalty, and cess. Recovery can be executed as arrears of land revenue under the Karnataka Land Revenue Act, 1964, ensuring strong enforcement mechanisms.

For recovery to commence, certain preconditions must be met. The liability must be adjudicated, which includes Section 73 for short-paid tax or excess ITC, Section 74 for fraudulent transactions, and Section 74A, effective from FY 2024-25, which merges Sections 73 and 74 into a single unified adjudication framework with a consolidated penalty mechanism. Additionally, the demand order must be properly served under Section 169, the statutory payment period (usually 3 months under Section 78) must have expired, and no appellate stay should exist. These safeguards ensure that recovery is conducted lawfully and transparently.

The stepwise recovery procedure begins with initial recovery by the GST officer, usually through Form DRC-09, which is an order directing a specified officer to recover the dues. The recovery officer has several tools, including attachment of bank accounts (DRC-22), garnishee action against third-party debtors (DRC-13 / DRC-14), adjustment of refunds, and asset verification. Provisional attachment of movable or immovable property can be carried out under DRC-22 to protect revenue, and any attached property or bank account can later be restored under DRC-23 once the dues are settled. If these measures do not fully recover the dues, recovery is escalated to the District Collector through Form DRC-18, the Revenue Recovery Certificate (RRC).

The RRC enables recovery of dues as arrears of land revenue, giving the Collector powers to attach movable and immovable property and conduct asset auctions using the local revenue machinery, including Tahsildars.

Procedural safeguards remain essential throughout the recovery process. The Proper Officer must confirm that the adjudication order has been properly served, the payment period has lapsed ie exceeds three months from the date of passing order, and that no appellate stay is in place. The arrears and recovery actions must be recorded in the Demand &

Collection Register, and a clear calculation sheet of recoverable dues must be maintained. These measures protect taxpayer rights, prevent arbitrary recovery, and ensure accountability and transparency. The introduction of Section 74A from FY 2024-25 strengthens this process by providing a single adjudication route for both fraudulent and non-fraudulent cases, reducing procedural duplication and simplifying recovery operations.

Before issuing an RRC, departments are required to explore alternative recovery measures. These include direct attachment of bank accounts (DRC-22), recovery from debtors via garnishee notices (DRC-13 / DRC-14), adjustment against pending refunds, and inspection and verification of assets. Only after these measures are exhausted or proven insufficient is the RRC issued. This hierarchy ensures that recovery is proportionate, efficient, and compliant with statutory safeguards. By consolidating Sections 73 and 74 under 74A, the process has become streamlined, with a unified adjudication framework and a consolidated penalty calculation, simplifying both departmental and taxpayer compliance.

The integration of DRC-09, DRC-22, DRC-13/14, DRC-23, and DRC-18 in this hierarchy ensures that recovery proceeds systematically, from administrative recovery to formal RRC execution. DRC-09 serves as the initial instruction to the recovery officer, DRC-22 enables provisional attachment of property or bank accounts, DRC-13/14 facilitates garnishee recovery from third parties, and DRC-23 allows restoration of property or accounts once dues are cleared. DRC-18 escalates recovery to the District Collector for action under land revenue powers. The unified framework of Section 74A ensures that whether a case is fraudulent or non-fraudulent, it is adjudicated in a single proceeding with clearly defined penalties. Overall, this structured approach strengthens revenue collection efficiency, minimizes litigation, and ensures that GST dues are recovered in a legally robust and transparent manner, balancing the rights of the government and taxpayers effectively.

Budget 2026 – Impact on Intermediary Services under GST

Srikant
CA

Vasanth Kumar.J.
Advocate

The Union Budget 2026 has introduced significant reforms in the Goods and Services Tax (GST) framework, particularly impacting intermediary services. Intermediaries—such as brokers, agents, consultants, and digital platforms—play a vital role in facilitating transactions between parties and are typically taxed at 18% under GST.

A key highlight of the Budget is the removal of the special provision under Section 13(8)(b) of the IGST Act, which earlier determined the place of supply for intermediary services as the location of the supplier. This provision often resulted in services provided to foreign clients being treated as domestic supplies, thereby attracting GST and denying export benefits. The omission of this section marks a transformative shift, aligning the place of supply with the general rule under Section 13(2), i.e., the location of the recipient.

This amendment has far-reaching implications. Most notably, intermediary services provided to overseas clients can now qualify as exports, subject to fulfillment of prescribed conditions. As exports are zero-rated under GST, this allows service providers to operate without charging GST on output supplies and to claim refunds on input tax credits. This change significantly reduces tax costs and enhances the global competitiveness of Indian intermediaries, especially in sectors like financial services, consulting, and digital platforms.

Another major benefit of the reform is the reduction in litigation and interpretational disputes. Previously, ambiguity in determining export status led to inconsistent rulings and increased compliance burdens. The Budget's alignment with general place-of-supply rules brings clarity and consistency, thereby easing compliance and minimizing disputes.

Operationally, the Budget also introduces simplified provisions for valuation and post-sale discounts, allowing adjustments without prior agreements, provided proper documentation is maintained. Enhanced refund mechanisms, including faster and higher provisional refunds, are expected to improve liquidity and cash flow for businesses engaged in exports.

However, the changes also have implications for imports of intermediary services. Services received from foreign intermediaries may now fall under the Reverse Charge Mechanism (RCM), requiring Indian recipients to discharge GST liability. While this broadens the tax base, it also increases compliance responsibilities for domestic businesses.

From a broader perspective, these reforms support India's export-led growth strategy by eliminating tax inefficiencies and promoting ease of doing business. Small and medium enterprises, as well as digital service providers, stand to benefit significantly from reduced compliance hurdles and improved access to global markets.

In conclusion, the Budget 2026 marks a progressive step in rationalizing GST provisions for intermediary services. By enabling export classification, reducing disputes, and improving refund processes, the reforms are poised to strengthen India's service sector and enhance its competitiveness on the global stage.

Compliance Challenges in GST TDS by Government Deductors

Subrahmanya G Gaonkar, CA

A recurring compliance issue has been observed in the implementation of Tax Deducted at Source (TDS) provisions under Section 51 of the CGST/KGST Act, particularly concerning Government Departments functioning as deductors. Based on practical experience in handling assessments and reconciliations for contractors in Uttara Kannada and nearby regions, several systemic gaps have come to light that merit administrative attention.

Under the statutory framework, notified Government entities are obligated to deduct TDS, deposit it within prescribed timelines, file returns in Form GSTR-7, and issue TDS certificates in Form GSTR-7A. Importantly, the deductee (contractor) receives credit only upon filing of GSTR-7 by the deductor, placing full compliance responsibility on Government authorities.

However, in practice, multiple issues persist. These include delays in remittance of deducted tax, non-filing or delayed filing of GSTR-7, non-issuance of certificates, and incorrect computation of TDS—often on gross value instead of taxable value. Additionally, weak linkage between payments and invoices creates reconciliation challenges.

The impact on contractors is significant. TDS credits fail to reflect in electronic cash ledgers, resulting in system mismatches and notices for alleged discrepancies. Contractors are frequently compelled to justify transactions despite tax having already been deducted, increasing compliance burden and litigation, especially for small and medium enterprises.

From an administrative perspective, such lapses undermine the core objective of TDS as a third-party reporting mechanism. Delayed or incorrect reporting disrupts data linkage between Government payments and supplier turnover, weakens analytics-driven risk assessment, and may even obscure potential revenue leakages. Further, mismatch-driven notices add to unnecessary administrative workload.

A key concern is the apparent lack of structured oversight of Government deductors. Drawing and Disbursing Officers (DDOs) are often not subjected to the same compliance scrutiny as regular taxpayers, leading to prolonged non-compliance and reporting inconsistencies.

To address these challenges, measures such as periodic monitoring of deductors, enforcement of timely return filing, departmental audits, issuance of clear administrative guidelines, and targeted training programs for Government accounts personnel are recommended.

Strengthening compliance in this area will enhance data integrity, improve revenue monitoring, reduce litigation, and reinforce the effectiveness of GST's verification framework.

Substantive Infirmities in the Warranty Replacement Claim

C. Pushpalatha
Addl. CCT

M/s Sungrow India Pvt. Ltd., a registered taxpayer in Karnataka, effected the movement of goods valued at 1.51 crore from Bengaluru to Jodhpur under the cover of a delivery challan and e-way bill, claiming that the transaction pertained to free warranty replacement. During transit, the consignment was intercepted and detained by the Proper Officer, who proceeded to levy tax and penalty amounting to 43.83 lakh under Section 129 of the KGST Act, 2017. The officer concluded that the movement constituted an interstate supply or, alternatively, a branch transfer to an unregistered place of business in Rajasthan, undertaken without the issuance of a valid tax invoice and without payment of applicable IGST.

The taxpayer, being aggrieved by the detention and levy, contended that warranty replacements do not fall within the scope of "supply" as envisaged under the GST framework, and therefore, the requirement of issuing a tax invoice did not arise. It was further argued that the transaction was bona fide, undertaken in the ordinary course of business, and devoid of any intent to evade tax. The First Appellate Authority (FAA), accepting these submissions, relied upon relevant CBIC circulars and judicial precedents to hold that such movements are not exigible to tax. Consequently, the FAA set aside the penalty and directed refund of the amount collected.

However, upon revision under Section 108 of the Act, the revisional authority found the order of the FAA to be both erroneous and prejudicial to the interests of revenue. It was specifically observed that the taxpayer did not possess GST registration in the State of Rajasthan, and that any interstate movement between distinct persons mandates issuance of a tax invoice along with payment of IGST. More importantly, the authority noted that the claim of warranty replacement was not substantiated by credible documentary evidence or supporting records.

The consignment in question included items such as IGBTs, inverters, and connectors/cables, which were not demonstrably linked to the original supply. IGBTs, being internal semiconductor components of solar inverters, were never supplied as standalone goods under the original tax invoices. In the absence of supporting documentation such as customer complaints, service reports, return material authorizations (RMAs), or root cause analysis reports, their movement could not be justified as warranty replacement. At best, such items constituted repair components, which are not eligible for tax-free movement under the guise of warranty obligations.

Similarly, connectors, cables, and related items were classified as consumables, typically used during installation or repair activities. These items were neither part of the original supply nor covered under the warranty terms. Their inclusion in the consignment, without any correlation to specific warranty claims or original invoices, clearly indicated the movement of taxable goods under the pretext of warranty replacement.

A further significant infirmity was identified in the technical mismatch between the inverters originally supplied and those transported. While the original invoices related to high-capacity utility-scale inverters, the goods moved comprised low-capacity rooftop inverters with entirely different technical specifications, capacity ranges, voltage classes, and HSN classifications. Such products are not interchangeable, and in the absence of any technical justification, their substitution could not qualify as legitimate warranty replacement.

In light of these substantive discrepancies and evidentiary gaps, the revisional authority held that the violations were not merely procedural in nature but constituted serious breaches of statutory provisions. Accordingly, the order passed by the FAA was set aside, and the original order imposing tax and penalty was restored in full.

Women's Day Celebration 2026

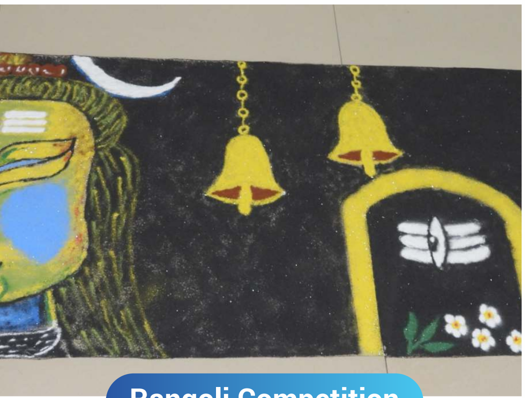
AT THE COMMISSIONER'S OFFICE





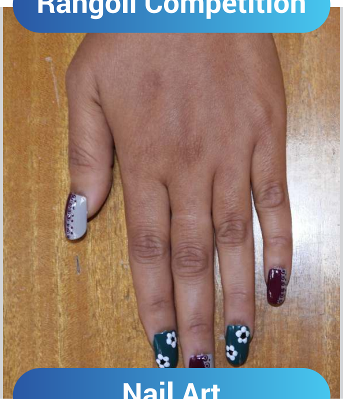


PROGRAMS CONDUCTED ON THE OCCASION OF WOMEN'S DAY 2026


Rangoli Competition


Musical Chair


Tug of war


Nail Art


Cooking without fire competition


Hair Style Competition


Ball in the Bucket

Mehendi Competition


Singing Competition

Fashion Show

Highlights of Women's Day

Highlights of GST

01 Feb GST revenues rise 8.1% to Rs.1.83L cr.

02 Fino Bank used shell cos, to evade GST.

03 Cars, 2-Wheelers Hold pace on GST Tailwind.

04 Gross GST collections in Feb grow just 3%.

05 New GDP series to use 600 item level data.

06 CAG study: GST boosted own revenue of almost all states.

07 Arunachal saw record high SGST growth during FY 19 – FY 24.

08 GST rationalisation likely to impact Budget size.

09 HC ruling may strengthen case for ITC refund claims.

10 Fake raid: Janitor-duo turns GST officers, extorts tobacco traders.

11 Centre on course to meet revised tax target for FY 2026.

12 FMCG growth moderated to 7.8% in Dec quarter on GST transition.

Sri. Vipul Bansal, IAS
Commissioner of Commercial Taxes

Target & Collection for the year 2025-26

(Rs.in Crore)

ACT	Revised Target 2025-2026(R.E)	Net Collection upto the month of MARCH 2026	% of Achievement
GST	81,206	82,216	101
KST	27,288	27,100	99
PT	1,506	1,498	99
TOTAL	**1,10,000**	**1,10,814**	**101**

For the financial year 2025–26, the State revised its overall tax collection target under the KGST, KST, and PT Acts to 1.10 lakh crores. As per the latest figures available up to March 2026, the State has successfully collected 1,10,814 crores, surpassing the revised target and achieving an overall performance of 101 percent.

Under GST, the State recorded collections of 82,216 crore against a target of 81,206 crores, demonstrating strong compliance and sustained revenue buoyancy. Collections under the KST Act stood at 27,100 crores, reflecting 99 percent achievement, while PT collections amounted to 1,498 crore, also achieving 99 percent of the target. These figures indicate consistent and near-target performance across all major tax streams.

This accomplishment is in line with the broader national trend of GST growth, driven by enhanced compliance mechanisms, increased digital monitoring, and steady economic recovery. Karnataka continues to remain a significant contributor to the country's GST revenues, supported by robust administrative reforms and effective data-driven enforcement strategies. The State's performance underscores its fiscal resilience and efficient tax governance, further strengthening its position as a leader in revenue mobilization.

State wise comparison of GST (CGST+SGST+IGST) Revenues upto the month of March 2026

(Rupees in Crores)

Sl.No.	Name of the State	2024-25	2025-26	Growth Rate in %
1	Maharashtra	3,33,913	3,61,778	8
2	Karnataka	1,41,770	1,58,217	12
3	Gujarat	1,28,336	1,35,415	6
4	Tamil Nadu	1,21,846	1,30,248	7
5	Haryana	1,11,485	1,21,080	9
6	Uttar Pradesh	95,635	99,917	4
7	Delhi	75,650	80,425	6
8	Telangana	56,638	60,840	7
9	Odisha	50,743	51,420	1
10	Kerala	33,023	35,945	9
	ALL INDIA	**15,33,805**	**16,31,769**	**6**

The State has notably secured the highest percentage of growth at 12 percent at the all-India level, underscoring its robust economic foundation and effective administrative machinery. This achievement reflects sustained efforts, strategic enforcement, and strong compliance measures. It is expected that this encouraging momentum will carry forward into the financial year 2026–27 with even greater outcomes. Heartfelt congratulations to all officers and officials of the department for their dedication and exemplary performance. Keep up the outstanding work and commitment.

The revenue target for the financial year 2026–27 has been set at 1,25,000 crores, reflecting a growth rate of 14 percent. While this represents a significant increase compared to the previous year, it is both a realistic and attainable goal if pursued strategic planning and sustained efforts . All officers are expected to adopt effective measures, maintain momentum, and build upon past successes to ensure continued progress. With coordinated action, focused enforcement, and sound administrative practices, the Department can overcome challenges and achieve this ambitious target, reinforcing its commitment to excellence and fiscal strength by the close of the financial year.

The following officers retired in the month of March 2026:

Sheshegowda, CTO

Umesh Thimmappa Naik, CTO

Gajendraswamy K. L., CTO

Kumar, CTO