

GST NEWSLETTER

COMMERCIAL TAX DEPARTMENT, GOVERNMENT OF KARNATAKA

COMMERCIAL TAX OFFICES

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FROM THE DESK OF



EDITOR

S. R. Thulasidas
Editor

The GST collections for the month of April have provided encouraging momentum for shaping the strategic course of action for the current financial year. At the national level, GST collections touched a record high, registering an impressive growth of nearly 9%, despite the continuing disruptions in domestic supply chains and fluctuating market conditions. In Karnataka, although substantial refunds were issued during the month, the State still recorded a moderate growth of around 5%. The trend highlights the resilience of economic activity while also underscoring the necessity for progressive policy interventions aimed at strengthening domestic manufacturing, supply networks, and consumption-driven growth.

This edition of the newsletter presents a range of insightful and analytical articles covering important and emerging areas under indirect taxation and administration. The issue includes detailed discussions on Government entity transactions, operation of the electronic credit

ledger, GST implications in the commodity market, launch of the Monthly Services Index, and the rollout of selfie-based attendance systems. A landmark judgment concerning Joint Development Agreements under the VAT regime and its implications on works contract taxation has also been comprehensively examined.

Further, the newsletter carries significant judicial pronouncements relating to input tax credit, revisional powers under the GST law, attachment of bank accounts for recovery proceedings, blocking of ITC, refund rejection, taxation of pigmy agents, inter-State movement of goods, delay in tax revisions, and damages awarded under arbitral proceedings.

This month's edition has witnessed enthusiastic participation from officers and Chartered Accountants, whose valuable contributions have substantially enriched the quality and depth of the publication. It is hoped that this collaborative spirit and intellectual engagement will continue to grow stronger in the months ahead.

Editorial

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Karnataka AI Selfie Attendance Rollout



Smt. C. Pushpalatha, Addl. CCT

The Karnataka government is set to revolutionize its workforce management by rolling out an AI-based selfie attendance system starting May 1, 2026. This initiative aims to replace traditional biometric attendance systems with a more advanced, AI and GIS-enabled platform called the Karnataka Advanced Attendance Management System (KAAMS), accessible via the 'Kartavya' mobile application.

The primary objective of this transition is to enhance accountability and simplify the daily logging process for employees. The system will cover over five lakh government employees and approximately 15 lakh contractual workers across various departments, boards, and corporations. Employees will be required to mark their attendance by taking a selfie through the app at the start and end of their workday.

To ensure precision and prevent misuse, the app utilizes geo-tagging for real-time tracking. For those who do not possess smartphones, the government has proactively installed on-location 'Kartavya' devices. This digital shift signals the formal phasing out of physical biometric devices in favor of a more secure and efficient technological framework.

Index of Judgments

Sl. No.	Name of Petitioner	Name of Respondent	Year	Court	WP / AP No.	Page No.	Crux of the Case / Judgment
1	M/S Vaswani Estates Developers Private Limited	State of Karnataka & others	2018	High Court of Karnataka	STRP No. 181 of 2018		This judgment brings closure to a decade-long litigation concerning J.D.A. transactions under the Works Contract regime under VAT.
2	NL TILE ART PRIVATE LIMITED	Addl. CCT (SMR-2)	2025	High Court of Karnataka	WP. No. 38051 of 2025		The Court held that Revisional powers under Section 108(1) of the CGST/KGST Act can be exercised only against a valid adjudication order passed by a subordinate authority and not merely on the basis of audit reports or objections.
3	M/S INSTAKART SERVICES PRIVATE LIMITED	Union of India & Others	2021	High Court of Karnataka	W.P. No. 4917 of 2021		ITC is a substantive right and cannot be denied merely due to supplier non-compliance, provided the recipient has acted in good faith.
4	M/s. Shri Attik Chemicals	The Deputy Commissioner (CT) (ST) (GST) (Appeals, Erode and Salem & Others	2026	Madras High Court	WP No. 4198 of 2026		The Court condoned a delay of 214 days in filing a GST appeal and held that procedural lapses should not defeat substantive justice when the delay is bona fide and satisfactorily explained.
5	M/S. Sahil Enterprises	Union of India & Others	2022	High Court of Tripura	W.P. 688 of 2022		The Court held that ITC cannot be denied to a bona fide purchaser merely because the supplier failed to remit tax to the Government in the absence of fraud or collusion.
6	Santosh Wadhvani	DGGI Regional Unit. Raipur	2026	HIGH COURT OF CHHATTISGARH	MCRC No. 2070 of 2026		The court granted regular bail in a GST fake ITC case involving alleged fraudulent claims of ₹11.44 crore, observing that the case was primarily based on documentary evidence and investigation was substantially complete.
7	M/s. Oriental Facility	State of Maharashtra and Ors	2025	High Court of Bombay	W.P. No. 8709 of 2025		The court quashed the attachment of the petitioner's bank account for recovery of his deceased father's GST dues, holding that separate GST registrations constitute distinct taxable entities.
8	Karan Agencies	State of Maharashtra and Ors	2021	High Court of Bombay	W.P. No. 7404 of 2021		The Court held that challenges to show cause and pre-intimation notices at a premature stage are generally not maintainable under GST law.

Sl. No.	Name of Petitioner	Name of Respondent	Year	Court	WP / AP No.	Page No.	Crux of the Case / Judgment
9	Avanti Feeds Limited &Ors.	Deputy Commissioner Of State Tax, Rajamahendravaram and others	2023	High Court Of Andhra Pradesh	W.P NO: 11760/2023		The levy and collection of IGST on imported goods fall exclusively within the jurisdiction of Customs authorities and not State GST officers.
10	DevendraSurana	Union of India and another	2026	High Court Of Telangana	Criminal Petition No.5740 Of 2026		The Court reiterated that arrest in GST matters should not be routine and custodial interrogation is unnecessary where records are already available with authorities.
11	K Line India Pvt. Ltd	Union of India and Ors.	2023	High Court of Bombay	W.P. No. 36200 of 2023		The Court set aside a GST refund rejection order passed without issuing deficiency memo and granting opportunity of hearing as required under Rule 92 of the CGST Rules.
12	Maharashtra Medical Council	Union of India and Ors.	2025	High Court of Bombay	W.P. No. 4411 of 2025		The Court restored a GST appeal rejected for non-payment of mandatory pre-deposit, considering the petitioner's bona fide difficulties arising from non-uploading of the adjudication order on the GST portal.
13	Mr. Bharat Kumar Agarwal	Joint Commissioner (AE), Hyderabad & 4 others	2026	High Court of Telangana	W.P. No. 9166 and 9354 of 2026		The Court held that separate liabilities under GST require separate statutory remedies and directed issuance of independent DRC-07 orders for the company and its Managing Director. The Court further clarified that non-registered persons must be enabled to pursue appellate remedies through temporary registration or identification mechanisms.
14	M/S. Karnataka VikasGrameena Bank	DCCT (Enf)-2, Hubballi& others	2024	High Court of Karnataka	W.P. No.100806 of 2024		The Court held that pigmy agents engaged by banks are employees and not independent service providers, and therefore services rendered by them are exempt from GST under Schedule III of the CGST Act.

Sl. No.	Name of Petitioner	Name of Respondent	Year	Court	WP / AP No.	Page No.	Crux of the Case / Judgment
15	Golden Traders & Others	State of Andhra Pradesh & Others	2026	High Court of Andhra Pradesh	W.P. No.541 of 2026		The Court held that intermediary States have no authority to detain or confiscate goods involved in interstate movement where goods neither originate from nor are destined for that State.
16	M/S Abharana Jewellers Pvt Ltd	Addl. CCT (SMR)-3	2025	High Court of Karnataka	STA No. 18 of 2025		The Court held that even where statutory timelines are technically complied with, revisional powers must be exercised within a reasonable period and unexplained delays render proceedings arbitrary and unsustainable.
17	Tata Sons Private Ltd	Union of India & Others	2022	High Court of Bombay	W.P. 4914 of 2022		GST cannot be levied on arbitral awards, damages, or settlement payments unless a clear, independent supply exists for consideration.
18	M/s Tata Play Limited	Union of India & Others	2026	High Court of Delhi	W.P.(C) 5725/2026		GST officers must examine the combined impact of ITC, tax rate changes, pricing, and margins before quantifying profiteering. Authorities should follow remand directions strictly, ensure reasoned findings, and avoid coercive recovery where substantial factual disputes are pending adjudication.
19	M/S E3 Edgeband Industries Pvt Ltd	State Of Up And 2 Others	2026	High Court of Allahabad	Writ Tax No. 2076 of 2024		The Court held that GST appeals should not be rejected mechanically on limitation grounds without properly considering explanations for delay. The Court remanded the matter for fresh consideration on merits after observing that procedural fairness must prevail over technical rejection



S.R. Thulasidas
Addl. CCT



Rajesh K.S
CTO

THE EVOLUTION OF WORKS CONTRACT TAXATION:

FROM THE ERSTWHILE VAT AND SERVICE TAX REGIME TO THE EXISTING GST REGIME

Before 01.07.2017, under the erstwhile indirect tax regime, works contracts were treated as divisible composite transactions involving both transfer of property in goods and provision of services pursuant to Article 366(29A)(b) of the Constitution of India. Consequently, a dual taxation mechanism existed whereby State Governments levied VAT on the goods portion of the contract, while the Central Government imposed Service Tax on the service portion.

Under the KVAT regime, contractors either discharged tax under the regular scheme after claiming deductions towards labour and like charges under Rule 3(2) of the KVAT Rules, 2005, or opted for composition taxation under Section 15 of the KVAT Act, 2003.

Similarly, under Rule 2A of the Service Tax (Determination of Value) Rules, 2006, service tax liability was determined either on actual service value after deducting the value of goods transferred or on deemed service portions prescribed at 40%, 60%, or 70% depending upon the nature of the works contract.

Under the Goods and Services Tax (GST) regime, Section 2(119) of the CGST Act defines 'works contract' to mean a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration, or commissioning of any immovable property wherein transfer of property in goods is involved in the execution of such contract. Further, Para 6(a) of Schedule II to the CGST Act deems works contracts as a supply of services.

GST has significantly restricted the scope of works contracts only to immovable property-related activities. Consequently, contracts relating to movable properties such as vehicle repairs or machinery maintenance are no longer classified as 'works contracts,' though they may continue to be taxable as composite supplies or repair services under the GST law.

Overall, the GST regime has substantially transformed the taxation of works contracts by replacing the earlier dual levy structure of VAT and Service Tax with a unified destination-based tax system. The shift from artificial segregation of goods and services to treatment of works contracts as a single supply of service has reduced classification disputes and jurisdictional overlaps. Nevertheless, issues relating to rate rationalisation, blocked ITC, real estate taxation, and interpretation of concessional notifications continue to remain areas of significant litigation and interpretational challenges under GST.

With effect from 22.08.2017, concessional GST rates of 12% were introduced for specified government, infrastructure, irrigation, affordable housing, and public utility projects through various amendments to Notification No. 11/2017-Central Tax (Rate). However, substantial rationalisation of such concessional entries was carried out from 18.07.2022 vide Notification No. 03/2022-Central Tax (Rate), resulting in withdrawal of concessional treatment for several categories of works contract services, except for specifically retained entries.

Further, Section 17(5)(c) and Section 17(5)(d) of the CGST Act restrict availment of Input Tax Credit (ITC) in respect of works contract services and goods/services used for construction of immovable property on one's own account, except where such inward supplies are used for further supply of works contract services

THE TAX RATE ON ERST WHILE REGIME (VAT& SERVICE ACT AS SHOWN BELOW

ACT	TYPE	RATE	LEVY ON	EXEMPTION ON
KVAT Act	Regular as per Section 4 (1) (c) of the KVAT Act ,2003	14.5%	Goods	Rule 3(2) (m) standard deduction of 30% on Civil Engineering Works & Construction of Buildings
				Standard deduction of 15% on Installation of Machinery/Equipment
				Standard deduction of 15% on Fabrication & Installation of Structural Works
				Standard deduction of 5% on Dyeing & Printing of Textiles
	Composition under section 15 of the KVAT Act,2003	4%	Goods	Gross value of the contact
Service tax as per rule 2A	Original works	15% including KrishiKalyan Cess	40% of the total amount charged for the works contract	
	Maintenance or repair or reconditioning or restoration or servicing of any goods		70% of the total amount charged for the works contract	
			60% of the total amount charged for the works contract	
	In case of other works contracts,			

THE GST TAX RATE ON WORKS CONTRACT SERVICE AS SHOWN BELOW

GST TAX (RATE) NOTIFICATION	TYPE	PERIOD	TAX RATE	RECIPIENT OF SERVICE
GST Tax (Rate) Notification 11/2017	Construction service (Composite supply)	01-07-2017 to 21-08-2017	18% (CGST 9% +KGST 9%)	All type of taxable person & government organisations of State & Central and UT Government authorities, Entities, local authority
GST Tax (Rate) Notification 20/2017	Specified Government project as mentioned in notification Item No (iii) (iv) (v) such Canal, dam, irrigation, water supply, Road, dam, bridge, civil structures. Single residential dwellings construction & Railway excluding mono and metro rail	22-08-2017 to 31-12-2021	12%(CGST 6%+KGST6%)	Government, a local authority or a Governmental authority
GST Tax (Rate) Notification 24/2017	Item No (vi) of Original works/civil structures	21-09-2017 to 31-12-2021	Civil structure like an educational, (ii) a clinical, or(iii) an art or cultural establishment; 12% (CGST 6%+KGST6%)	Central Government, State Government, Union Territory, a local authority or a governmental authority
GST Tax (Rate) Notification 31 /2017	Item No (vii) (viii)	13-10-2017 onwards	5% (CGST 2.5% +KGST 2.5%) for predominantly earth work 12% (CGST 6%+KGST6%) on oil and gas exploration and production (E&P)	Central Government, State Government, Union territory, local authority, a Governmental Authority or a Government Entity
GST Tax (Rate) Notification 01/2018	Item No (ix) (x) (xi) Metro & mono rail added it as including	25-01-2018 onwards	12% (CGST 6%+KGST6%) sub-contractor works of item No (iii) & (vi) & 5% (CGST 2.5% +KGST 2.5%) for sub-contractor works of earth works and E-commerce works of plumbing, housekeeping &	Central Government, State Government, Union territory or local authority

			carpeting	
GST Tax (Rate) Notification 15/2021	Condition", the entries against items (iii),(vi),(vii),(ix) and (x) shall be omitted;	18-11-2021 to 17-07-2022	18% (CGST 9% +KGST 9%)	Excludes Government authority & Government Entity
GST Tax (Rate) Notification 22/2021	Supersedes the GST Tax (Rate) Notification 15/2021	18-11-2021 to 17-07-2022	18% (CGST 9% +KGST 9%)	Excludes Government authority & Government Entity & Local authority
GST Tax (Rate) Notification 03/2022	items (iii), (iv), (v), (va), (vi) and (ix) and the corresponding entries relating thereto in columns (4) and (5) shall be omitted;	18-07-2022 onwards	18% (CGST 9% +KGST 9%)	All type of taxable person & government organisations of State & Central and UT Government authorities, Entities, local authority except item No (vii) (ix) (x)
GST Tax (Rate) Notification 15/2025	Item No (vii) for predominantly earth work and related sub contract explained in item No (x) and oil and gas exploration and production (E&P) contract	22-09-2025 onwards	18% (CGST 9% +KGST 9%)	All type of taxable person & government organisations of State & Central

As clarified under Para 14 of Circular No. 177/09/2022-GST dated 03.08.2022, sale of developed land involving activities such as levelling, laying drainage lines, water pipelines, electricity infrastructure, and other civic amenities continues to be treated as 'sale of land' under Schedule III of the GST Act and is not liable to tax. However, development services received or supplied separately for execution of such infrastructure/development activities on account of formation of plots/sites are liable to GST under JDA projects at the applicable rate, generally 18%, depending upon the nature of supply.

In respect of ongoing RERA projects existing as on 31.03.2019, promoters/developers were permitted to continue under the old GST rates with Input Tax Credit (ITC) by exercising the prescribed option through Annexure IV on or before 10.05.2019 in terms of Notification No. 03/2019-Central Tax (Rate) dated 29.03.2019. In cases where such option was not exercised within the prescribed time, the promoter was deemed to have shifted to the new GST scheme effective from 01.04.2019, requiring reversal of transitional/ongoing ITC attributable to the new concessional rate structure."

The GST Rate on affordable and non-affordable apartments under RERA Projects shown has below.

GST RATE as per GST TAX (Rate) Notification 03/2019				
Category	Effective GST Rate (total)	CGST Rate	SGST Rate	IGST Rate (if applicable)
Affordable Residential Apartment	1%on gross consideration	0.50%	0.50%	1%
Affordable Residential Apartment (Money consideration offered to tax with 1/3 of land deduction)	1.5%onnet consideration	0.75	0.75	1.50%
Other Residential Apartment (non-affordable)	5%gross consideration	2.50%	2.50%	5%
Non-Affordable Residential Apartment (Money consideration offered to tax with 1/3 of land deduction)	7.50%onnet consideration	3.75	3.75	7.50%

Description of the service rendered	Type of Project	Tax rate & Conditions / Parameters
Construction of commercial apartments (shops, offices, godowns, etc.) by a promoter in an RREP commencing on or after 1 April 2019 or ongoing RREP.	Commercial portion of RREP (≤15% of total carpet area)	5% (2.5% CGST & 2.5%KGST) on gross consideration & 7.5% (3.75% CGST & 3.75% KGST) on net consideration without ITC must comply with 80% procurement from registered sources and RCM

Construction of complex / building / civil structure, including commercial apartments, by promoter in REP other than RREP, where option exercised to pay tax at old rates.

Non-RREP (general category) – ongoing projects

18% (9% CGST & 9% KGST on net consideration subject to annexure form IV filed.

Sl. No.	Description of Service	Person Liable to Pay GST	Mechanism & Applicability	Time of Supply / Liability	Relevant Notification
1	Transfer of Development Rights (TDR) under Joint Development Agreement (JDA) Projects	Developer / Promoter	GST is payable under Reverse Charge Mechanism (RCM) on the portion of constructed area/flats remaining unsold as on the date of issue of Occupancy Certificate (OC) or Completion Certificate (CC), applicable from 01-04-2019 onwards	Liability arises on the date of issuance of OC/CC	Notification No. 05/2019 – Central Tax (Rate)
2	Booking / Sale of Flats or Apartments to Prospective Buyers	Developer / Promoter	GST is payable under Forward Charge Mechanism (FCM) on bookings/sales made to buyers during the construction stage before issuance of OC/CC	GST payable at the time of receipt of consideration or raising of invoice during construction period	Notification No. 03/2019 – Central Tax (Rate)
3	Construction Service Provided by Developer to Landlord under JDA	Developer / Promoter	GST is payable under FCM on construction services supplied by the developer to the landlord in consideration of development rights transferred under JDA	Liability arises upon issuance of OC/CC for the project	Notification No. 03/2021 – Central Tax (Rate)
4	Procurement from Unregistered Dealers (URD) – Sand, Jelly, and Other Construction Materials	Developer / Promoter	Under the post 01-04-2019 real estate taxation scheme, promoters are required to procure at least 80% of inputs and input services from registered suppliers. GST under RCM is payable on the shortfall procurement from unregistered suppliers	Liability arises during the course of construction and is generally payable at the end of the financial year	Notification No. 07/2019 – Central Tax (Rate)
5	Sale / Booking of Allocated Flats or Apartments by Landlord Registered under GST	Landlord	GST is payable by the landlord under FCM on sale of allocated flats/apartments to prospective buyers before issuance of OC/CC. The landlord is eligible to avail Input Tax Credit (ITC) of GST charged by the developer on construction services under JDA arrangements	GST payable during construction stage prior to issuance of OC/CC	Notification No. 02/2021 – Central Tax (Rate)

Note; As per the place of supply provisions under the GST law, the place of supply in relation to immovable property shall be the location where the immovable property is situated

GST Implications on Government Entity Transactions



M. Balasubramanya
DGSTO, Mysuru

A recent adjudication concerning M/s Chamundeswari Electricity Supply Corporation Limited (CESC) has brought to light important considerations regarding the taxability of transactions between

government entities under the GST framework. The case, spanning financial years 2017-18 to 2019-20, primarily examined whether rebates received by CESC for collecting and remitting electricity tax qualify as taxable consideration.

During the audit process, it was observed that CESC received rebates from the Government of Karnataka as compensation for performing the statutory function of electricity tax collection. The adjudicating authority held that this activity constitutes a distinct supply of service, classifiable under “agreeing to do an act,” thereby attracting GST at 18%. The rebate

was interpreted not as a subsidy, but as consideration for services rendered, falling within the scope of “supply” under GST law.

CESC contested this position, arguing that the activity was a statutory obligation rather than a contractual service, and that the rebate should be treated as a subsidy, exempt from GST. Additionally, it claimed that as a government authority engaged in electricity distribution—an exempt service—the associated activities should also be exempt. However, these arguments were rejected, with authorities maintaining that statutory duties do not exclude the existence of taxable supply when consideration is involved.

The adjudication resulted in a total demand of 66,40,536, comprising 33,82,290 as tax, 29,20,016 as interest, and 3,38,230 as penalty for the three financial years. Year-wise, the total demand stood at 20,88,862 (2017–18), 19,44,950 (2018–19), and 26,06,724 (2019–20). The appellate authority upheld these orders, reinforcing the view that such transactions between government bodies can attract GST if they meet the criteria of supply and consideration.

This case has broader implications, suggesting that similar arrangements across other electricity supply corporations and government entities could be subject to GST scrutiny. It highlights the need for careful evaluation of inter-governmental transactions to ensure compliance and identify potential revenue streams under GST.

The ruling underscores a significant shift in interpreting statutory functions as taxable services when consideration is present, potentially impacting multiple public sector entities nationwide.

-Editor

Electronic Credit Ledger under GST – Key Judicial and Practical Developments



Srikant
CA



Vasanth Kumar.J
Adv

The Electronic Credit Ledger (ECL) forms the backbone of the Input Tax Credit (ITC) mechanism under the GST regime. Maintained electronically for every registered taxpayer, the ECL reflects the credit of taxes paid on inward supplies and enables taxpayers to utilise such credit for payment of output tax liabilities. Rules 86, 86A and 86B of the CGST Rules, 2017 collectively regulate the operation, restriction and utilisation of the ECL and have emerged as some of the most litigated provisions under GST law.

Rule 86 governs the general maintenance and functioning of the ECL through Form GST PMT-02. The rule provides that the ledger shall be debited whenever ITC is utilised towards payment of output tax or when refund of unutilised credit is claimed under Section 54. Courts have repeatedly emphasised that ITC reflected in the ECL represents taxes already paid to the Government and therefore constitutes the taxpayer's vested right rather than a mere concession. A major judicial development came with the Supreme Court's ruling in *Union of India v. Yasho Industries Ltd.* (2025), where it was held that the mandatory pre-deposit required for filing GST appeals can be paid through the ECL and need not necessarily be discharged in cash. However, interest and penalties under GST continue to be payable only through the Electronic Cash Ledger.

Rule 86A, inserted in December 2019, empowers tax authorities to block utilisation of ITC where there are "reasons to believe" that such credit has been fraudulently availed or is otherwise ineligible. Given the severe commercial consequences of blocking ITC, courts across the country have imposed strict safeguards on the exercise of this power. Judicial precedents have clarified that authorities can block only the credit actually available in the ECL and cannot create negative balances. Further, blocking orders must be supported by independent application of mind and objective material, and

taxpayers are generally entitled to a pre-decisional hearing. Importantly, the one-year limitation prescribed under Rule 86A(3) has been held to be automatic and self-executing, meaning blocked credit must be restored immediately upon expiry of the statutory period.

Rule 86B, effective from 1 January 2021, restricts taxpayers with monthly taxable turnover exceeding 50 lakh from utilising ITC beyond 99% of their output tax liability, thereby mandating at least 1% payment through cash. Though the rule provides multiple exemptions, it has faced constitutional challenge before several High Courts. In *A.M. Enterprises v. State of HP* (2024), the Himachal Pradesh High Court struck down Rule 86B as ultra vires, observing that restrictions on utilisation of ITC require clear statutory authority.

Overall, recent judicial trends strongly favour protecting bona fide taxpayers and ensuring that anti-evasion measures are exercised strictly within statutory and constitutional limits.

**SEBI's GST Concerns
in the Commodity Market**

Mr. Ramesh Kumar
Addl. CCT

The Securities and Exchange Board of India (SEBI) has raised concerns regarding Goods and Services Tax (GST) complications in the commodity derivatives market and proposed an Integrated GST (IGST) mechanism to simplify physical delivery settlements. SEBI Chairman Tuhin Kanta Pandey highlighted that current GST regulations require intermediaries to register in every state where delivery centres are located, creating operational difficulties, compliance burdens, and higher costs. Since warehousing facilities for commodity deliveries are spread across states, multiple registrations make the process cumbersome. SEBI has urged the Department of Revenue and the GST Council to consider reforms that treat such deliveries as inter-state supplies under IGST, enabling seamless tax credit flow and reducing compliance issues.

The regulator believes these changes could encourage broader participation, especially from institutional investors, and support the growing commodity market, including doorstep delivery models for commodities like gold. However, institutions such as the Reserve Bank of India (RBI) and the Insurance Regulatory and Development Authority of India (IRDAI) remain cautious about permitting banks and insurers to participate in commodity derivatives.

**GSTAT June 30 Filing
Deadline Summary**

H.S. Zia Ullakhan
Addl. CCT(Rtd.)

GSTAT Filing Deadline: June 30 The Finance Ministry is preparing for a significant surge in appeals before the Goods and Services Tax Appellate Tribunal (GSTAT). This follows the approaching June 30, 2026, deadline for orders issued before April 1, 2026. While officials estimate there could be up to 200,000 potential cases, current data shows that only about 8,000 appeals have been officially filed on the portal so far.

Taxpayers are facing several critical challenges, most notably a strain on working capital. Filing an appeal requires a mandatory 10% pre-deposit of the remaining disputed tax. When combined with the 10% already paid during the first appellate stage, businesses find 20% of the disputed amount locked up, which creates significant liquidity pressure for many firms.

Furthermore, legal experts warn against waiting until the final deadline. Although the GSTAT has the authority to condone certain delays, this power is strictly limited to a maximum of three months. There are also concerns regarding infrastructure; while all 32 benches have been declared operational, many are currently functioning in makeshift arrangements while full facilities are being finalized.

To avoid cases becoming time-barred, tax professionals are urging companies to file their appeals

immediately. They also emphasize the importance of correct jurisdiction. For example, specific cases such as "place of supply" disputes must be filed specifically with the Principal Bench in New Delhi rather than with local state benches.

**India to Launch Monthly Services
Index Driven by GST Data**

Smt. Prathibha Priyadarshini
Addl. CCT

The news article describes a significant shift in how India tracks its economic growth, specifically within the services sector. The Ministry of Statistics and Programme Implementation (MoSPI) is preparing to launch a monthly Index of Service Production (ISP), which will serve as a high-frequency indicator to monitor the output of the formal services sector in real-time. This initiative is particularly important given that the services sector now contributes more than 50% to India's Gross Domestic Product (GDP), yet it has historically lacked the frequent official data tracking that the industrial sector receives.

A central feature of this new index is its reliance on Goods and Services Tax (GST) data. By using GST Network records as a primary input, the government can leverage administrative data to get a more accurate and timely picture of business activity. The ministry also plans to integrate data from specific ministries and the Annual Survey of Incorporated Services Sector Enterprises (ASISSE) to

round out the index. The base year for this new tracking system is set for 2024-25, and MoSPI has actively sought public and expert feedback on its proposed methodology.

While the ISP aims to be comprehensive, covering key sub-sectors such as retail trade, transport, telecommunications, and information technology, it does have specific limitations. Currently, the index is designed to track the formal sector and will not include informal business activities. Additionally, sectors that are exempt from GST, such as certain areas of healthcare and education—which represent roughly 10% of the services Gross Value Added (GVA)—are also excluded from the current framework. Despite these gaps, the index marks a major step forward in providing the data necessary to manage India's economic transformation.

GST Revenue Milestone - April 2026



Cheluvegowda
Addl. CCT

India's Record GST Collections (April 2026) Goods and Services Tax (GST) revenue in India hit a historic milestone in April 2026, reaching a record high of 2.43 lakh crore. This represents an 8.7% year-on-year increase compared to April 2025. A significant driver of this growth was a 25.8% surge in import-related taxes, which totaled 57,580 crore. Experts attribute this rise to higher import costs caused by global supply chain disruptions and the ongoing West Asia crisis.

In contrast, revenue from domestic transactions showed more moderate growth, rising 4.3% to reach 1.85 lakh crore. Analysts suggest this could indicate a "softness in consumption," potentially reflecting a moderation in discretionary spending amidst geopolitical uncertainties. After accounting for 31,793 crore in refunds—a 19.3% increase—the total net GST revenue settled at 2.11 lakh crore.

Specific breakdowns for the month include: Central GST (CGST) at 52,140 crore and State GST (SGST) at 61,331 crore. A key concern flagged for the upcoming 57th GST Council meeting is the "inverted duty structure" related to Input Tax Credit (ITC) on services, which has raised business expenses despite the high overall collections.

E-way Bill Generation Reaches 4th-Highest Level



Krishna Kumar
Addl. CCT

E-way bill generation under the GST regime saw a significant 12% year-on-year (Y-o-Y) growth in April 2026, reaching 133.37 million. According to data from the GST Network (GSTN), this figure represents the fourth-highest level ever recorded. While the Y-o-Y growth indicates sustained momentum in economic activity and goods movement, there was a month-on-month decline of 5.1% from the record high of 140.6 million reached in March 2026.

Experts, including representatives from Deloitte India, view these numbers as a strong barometer of domestic consumption and supply

chain resilience. Despite geopolitical challenges in West Asia, domestic demand appears robust. The high generation of e-way bills—mandatory for moving goods valued over 50,000—underscores a healthy start to the new fiscal year (FY27).

The data highlights that private consumption remains a primary driver of the economy. However, analysts suggest a "wait and watch" approach to monitor the ongoing impact of international situations on specific sectors. Overall, the consistent volume of bills, ranking alongside high-performance months like December 2025 and January 2026, reflects steady growth in India's trade and logistics sectors.

GSTAT Principal Bench as National AAR Body



Syed Jamal
JCCT (Rtd.)

The Finance Ministry has officially notified the Principal Bench of the GST Appellate Tribunal (GSTAT) in New Delhi as the National Appellate Authority for Advance Rulings (National AAAR), effective from April 1. This move, recommended by the GST Council, aims to resolve the long-standing issue of conflicting rulings issued by appellate authorities across different States and Union Territories. By empowering a single central body, the government seeks to establish a unified interpretation of GST laws nationwide.

Industry experts highlight that this centralization will provide much-needed certainty and consistency.

Previously, divergent rulings on issues like ITC for canteen services, taxability of directors' remuneration, and GST on liquidated damages created a fragmented tax regime. The National AAAR will now be able to set authoritative, binding precedents to settle such disputes.

The Principal Bench will consist of a President, a judicial member, and two technical members (one each from the Centre and States). While the move is welcomed, some concerns remain regarding its retrospective reach. Specifically, clarity is needed on whether the GSTAT can address conflicting rulings from past years, especially considering the strict 30-to-60-day appeal window typically mandated by the law.

April GST Collections Analysis



Mirzaazmathulla
Addl. CCT

GST collections in India reached a record high of Rs 2,42,702 crore in April, representing an 8.7% year-on-year growth. However, this milestone was primarily fueled by a significant 26% surge in import-linked collections, which amounted to Rs 57,580 crore. In contrast, domestic GST growth showed signs of moderation, rising only 4.3% to Rs 1,85,122 crore.

Experts suggest that geopolitical tensions, specifically the West Asia conflict, have disrupted domestic supply chains. These disruptions, coupled with gas shortages affecting fertilizer and petrochemical units, likely

hampered industrial output in March (the period for which taxes were paid in April). Furthermore, a slowdown in discretionary spending and lower tax rates on certain goods have contributed to the "muted" domestic growth.

State-wise data reflects this cooling trend, with major industrial states like Gujarat reporting only 3% growth, and Maharashtra, Karnataka, and Haryana reporting 5%. Meanwhile, GST refunds saw a sharp increase of over 19%. Analysts emphasize the need for policy frameworks that further incentivize domestic manufacturing to address the growing divergence between robust import taxes and sluggish domestic collections

Works contract – Joint development Agreement Scenario under VAT as per latest High Court judgment

High Court of Karnataka
STRP No. 181 of 2018
Dated: 17.04.2026

The Hon'ble High Court of Karnataka in case of M/S Vaswani Estates Developers Private Limited addressed important legal questions concerning the nature and taxability of Joint Development Agreements (JDAs) under the Karnataka Value Added Tax Act (KVAT Act). The central issue before the court was whether transactions arising from such agreements constitute a "sale" or a "works contract," and consequently, whether they are liable to sales tax. The court undertook a detailed examination of statutory provisions, contractual arrangements, and judicial precedents to resolve these issues. The judgment is significant in clarifying the distinction between sale, works contract, and barter, as well as in defining the limits of the State's power to levy tax on such transactions.

Under Section 2(29) of the KVAT Act, a "sale" is defined as the transfer of property in goods by one person to another for cash, deferred payment, or other valuable consideration. This definition includes the transfer of goods involved in the execution of a works contract. Further, Section 2(37) defines a "works contract" broadly to include agreements for construction, building, fabrication, installation, and other related activities carried out for consideration. The court emphasized that the definition of a works contract is inclusive and wide in scope. It is not restricted to traditional notions of contracts but extends to any agreement involving construction activity for consideration. Even a landowner could be said to be executing a works contract if such activity is undertaken for consideration.

The court relied heavily on judicial precedents to interpret these provisions. In the case of K. Raheja Development Corporation, the Supreme Court held that when a developer enters into an agreement with a purchaser before the completion of construction, the developer is essentially undertaking construction on behalf of the purchaser. Such an arrangement constitutes a works contract, and therefore, the developer is liable to pay tax on the transfer of property in goods used in the construction. This decision established that timing is crucial—if the agreement is entered into before completion, it results in a works contract; if after completion, it amounts to a sale of immovable property.

However, this position was later examined by a larger bench of the Supreme Court in the case of Larsen & Toubro Ltd. v. State of Karnataka. The larger bench clarified and expanded upon the principles laid down in Raheja's case. It held that agreements

between developers and purchasers for construction of flats are indeed works contracts, even though the ultimate transaction may result in the transfer of immovable property. The court recognized that such transactions are composite in nature, involving both a works contract component and a transfer of immovable property. It laid down three essential conditions for the levy of tax on works contracts: there must be a works contract, goods must be involved in the execution of the contract, and the property in those goods must be transferred to a third party. The court further clarified that tax can be levied only on the value of goods used in the construction and not on the land component.

A key issue before the court was the nature of Joint Development Agreements. Typically, a JDA is entered into between a landowner and a developer, where the landowner contributes land and the developer undertakes construction. In return, the developer receives a portion of the constructed property or a share in the land, while the landowner receives a specified portion of the built-up area. The court observed that such arrangements are essentially in the nature of barter or exchange rather than a sale. Since there is no monetary consideration involved, the transaction does not fall within the definition of a sale under the KVAT Act. Instead, it is a mutual exchange of rights and obligations between the parties.

The distinction between sale and barter was central to the court's reasoning. A sale requires consideration in the form of money, whereas barter involves the exchange of goods or services without monetary payment. The court emphasized that the absence of monetary consideration means that the transaction cannot be classified as a sale. Therefore, the construction undertaken by the developer in exchange for land cannot be subjected to sales tax as a sale transaction. This distinction is crucial because the KVAT Act applies only to sales and not to barter arrangements.

The court also analysed the taxability of the developer's activities at different stages. It held that construction carried out by the developer before entering into an agreement with a purchaser is not a works contract and therefore not taxable. However, once the developer enters into an agreement with a purchaser for construction of a flat, the activity becomes a works contract. In such cases, tax can be levied, but only on the value of goods used in construction after the agreement is entered into. This ensures that only the actual value addition

attributable to the purchaser's contract is taxed.

Another important aspect of the judgment is the recognition of the composite nature of real estate transactions. The court acknowledged that such transactions often involve both construction activity and transfer of immovable property. While the latter is outside the scope of sales tax, the former can be taxed as a works contract. Therefore, the transaction must be split into its components, and tax should be levied only on the goods component. This approach ensures that the tax system remains consistent with constitutional limitations.

With regard to the landowner's share in a JDA, the court held that the construction undertaken by the developer for the landowner does not constitute a works contract. This is because there is no monetary consideration involved, and the arrangement is in the nature of barter. Consequently, no sales tax can be levied on the construction of the landowner's share. This finding is significant as it protects landowners and developers from unwarranted tax liability in such arrangements.

The court also addressed the limits of the State's power to levy tax. It reiterated that the State does not have the authority to tax the transfer of immovable property. Tax can be levied only on the goods component of a works contract, as permitted under the Constitution. Any attempt to include the value of land in the taxable turnover would exceed the State's legislative competence and therefore be invalid.

An important issue in the case was the validity of a government circular that sought to include the value of land in the taxable turnover and prescribed methods for valuation. The court struck down this circular on the ground that it lacked statutory backing. It held that a circular cannot override or supplement the provisions of a statute. Taxation must be based on clear legislative authority, and in the absence of such authority, the circular cannot be enforced. The court emphasized that the essential elements of a tax—such as the taxable event, the person liable, the rate of tax, and the measure of tax—must be clearly defined in the statute itself.

The court further noted the absence of proper machinery provisions in the KVAT Act for computing tax in cases involving JDAs. It observed that a tax law must provide a clear mechanism for determining the taxable value. Without such a mechanism, the levy of tax becomes uncertain and unenforceable. In the present case, since the Act did not provide a method for determining the value of goods in a JDA, the levy could not be sustained.

The issue of the composition scheme was also considered. Under this scheme, developers pay tax at a fixed rate on the total turnover. However, the court held that even under the composition scheme, tax cannot be levied on the value of land. Once the land component is excluded, the question of deductions from total turnover does not arise. This reinforces the principle that only the goods component of a works contract can be taxed.

In conclusion, the court ruled in favor of the assessee and against the Revenue. It held that Joint Development Agreements are composite arrangements involving elements of both works contract and transfer of immovable property. However, the construction activity constitutes a works contract only from the stage at which the developer enters into agreements with purchasers. The construction of the landowner's share is not taxable, as it is a barter transaction. Tax can be levied only on the value of goods involved in the execution of a works contract and not on the transfer of immovable property. The court also invalidated the government circular for lack of statutory authority and emphasized the need for proper machinery provisions in tax laws.

This judgment is significant in providing clarity on the taxation of real estate transactions. It ensures that tax is levied only within the limits prescribed by law and prevents arbitrary or excessive taxation by authorities. By distinguishing between sale, works contract, and barter, the court has laid down clear principles that will guide future cases in this area.

High Court Clarifies Scope of Revisional Powers under GST Law

High Court of Karnataka
WP. No. 38051 of 2025
Dated: 18.12.2025

In a significant judicial pronouncement, the High Court of Karnataka has elaborated on the scope and limitations of revisional powers under Section 108(1) of the CGST/KGST Act in WP No. 38051 of 2025, decided on 18.12.2025. The ruling provides much-needed clarity on the circumstances under which revisionary jurisdiction can be validly exercised by tax authorities.

The case arose from a writ petition filed by a private limited company engaged in the tiles business, challenging a revision notice issued by the Additional Commissioner of Commercial Taxes. The impugned notice sought to invoke revisionary powers based solely on an audit report, without there being any concluded adjudication or determination of tax liability by the proper officer.

The petitioner strongly contended that such initiation of revision proceedings was premature and legally unsustainable. It was argued that Section 108 contemplates the existence of a valid, reasoned, and appealable order passed by a subordinate authority before revision can be undertaken. In the absence of such an order, the very foundation for exercising revisional jurisdiction would be lacking. The petitioner further emphasized that audit reports are merely indicative in nature and cannot substitute a formal adjudication process prescribed under the law.

Upon examining the legal framework and facts of the case, the Court reaffirmed that revisionary powers are supervisory in nature and are intended to correct errors apparent in orders already passed by subordinate authorities. These powers are not meant to be exercised in a routine or mechanical manner. Importantly, the Court held that revision cannot be initiated merely on the basis of audit objections or internal reports that have not culminated in a final and enforceable adjudication order.

The Court drew a clear distinction between audit observations and adjudicated findings. It observed that audit reports serve only as preliminary inputs for further action and do not, by themselves, create any legal liability or enforceable demand against the taxpayer. Allowing revision proceedings to be initiated solely on such reports would effectively bypass the statutory adjudication mechanism, thereby violating principles of natural justice and due process.

This judgment brings closure to a decade-long litigation concerning J.D.A. transactions under the Works Contract regime, marking a significant milestone in resolving prolonged legal uncertainty. Given its far-reaching revenue implications, the ruling necessitates a proactive, coordinated, and objective response from the department. It is imperative that the authorities undertake comprehensive measures, including careful evaluation of pending matters and issuance of clear administrative guidance. Ultimately, a structured and pragmatic approach is essential to carry the judgment to its logical and effective conclusion.

- Editor

Further, the Court emphasized that statutory authorities must adhere strictly to the procedural safeguards embedded in the GST framework. Any deviation from the prescribed process, particularly one that prejudices the rights of the taxpayer, would render such actions vulnerable to judicial scrutiny.

This ruling serves as a crucial reminder that the exercise of statutory powers must be confined within clearly defined legal boundaries. It reinforces the principle that administrative convenience or internal audit findings cannot override the requirement of due process. The judgment also strengthens taxpayer protections by ensuring that revisionary jurisdiction is not misused as a tool for premature or arbitrary intervention.

For tax authorities, the decision underscores the need for procedural discipline and careful application of mind before invoking revisionary provisions. Authorities must ensure that a proper adjudication has been completed and a legally sustainable order exists before attempting to revise it.

For taxpayers, this judgment provides a strong precedent to challenge revision notices that are issued without jurisdiction or in violation of statutory requirements. It highlights the importance of safeguarding procedural rights and offers reassurance that courts will intervene to prevent misuse of powers under GST law.

The Hon'ble High Court of Karnataka held that revisional powers under Section 108(1) of the CGST/KGST Act can be exercised only against a valid adjudication order passed by a subordinate authority and not merely on the basis of audit reports or objections. The Court further clarified that audit observations are only preliminary inputs and that initiation of revision proceedings without a concluded adjudication is premature, without jurisdiction, and contrary to principles of natural justice.

Editor

Key Judicial Update on ITC Eligibility under GST

High Court of Karnataka
W.P. No. 4917 of 2021
Dated: 09.02.2026

In a significant and progressive ruling, the High Court of Karnataka in *M/s Instakart Services Pvt. Ltd. vs. Union of India &Ors.* has addressed the long-standing controversy surrounding the eligibility of Input Tax Credit (ITC) under Section 16(2)(c) of the CGST/KGST Act read with Rule 36(4) of the GST Rules. This judgment is particularly relevant for businesses grappling with ITC denials arising from supplier defaults.

The petitioner challenged the constitutional validity of the aforesaid provisions on the ground that they impose an unreasonable and impractical burden on bona fide recipients. Section 16(2)(c) mandates that ITC can be availed only if the supplier has actually remitted the tax to the Government. Similarly, Rule 36(4) places restrictions on ITC availment based on supplier compliance reflected in GSTR-2A/2B. The petitioner argued that such conditions effectively compel recipients to ensure compliance by their suppliers—an obligation that lies beyond their control and practical reach.

It was contended that denial of ITC solely on account of supplier default violates fundamental constitutional guarantees under Articles 14 (equality before law), 19(1)(g) (freedom to carry on trade or business), 265 (no tax shall

be levied or collected except by authority of law), and 300A (protection of property). The petitioner emphasized that once the recipient has fulfilled all statutory requirements within their domain—such as possession of valid tax invoices, receipt of goods or services, and payment consideration—the benefit of ITC should not be denied.

The Court carefully examined whether these provisions operate in an arbitrary manner or whether they can be interpreted to balance revenue interests with taxpayer rights. In doing so, it relied on judicial precedents, including the decision of the Delhi High Court in *On Quest Merchandising India Pvt. Ltd.* and the ruling of the Supreme Court in *Arise India Ltd.*, which laid down the principle that a bona fide purchaser should not be penalized for the default of the selling dealer.

Reinforcing this principle, the Karnataka High Court observed that the law cannot impose impossible conditions on taxpayers. Expecting a recipient to verify whether the supplier has discharged tax liability to the Government is neither practical nor feasible in the ordinary course of business. The Court underscored that GST, being a value-added tax system, is designed to ensure seamless credit flow and avoid cascading of taxes, and such restrictive interpretations would defeat the very objective of the regime.

Importantly, the Court held that once the recipient establishes the genuineness of the transaction and demonstrates compliance with conditions within their control, the burden shifts to the tax authorities. It is then for the department to initiate recovery proceedings against the defaulting supplier rather than denying credit to the recipient.

Instead of striking down Section 16(2)©, the Court adopted a purposive and balanced approach by reading down the provision to protect the interests of bona fide taxpayers. This interpretation ensures that ITC, which is a substantive and vested right, is not denied arbitrarily due to factors beyond the taxpayer's control. This landmark ruling brings much-needed clarity and relief to taxpayers across India. It reinforces the principle that ITC cannot be disallowed merely due to supplier non-compliance, provided the recipient has acted in good faith and fulfilled all statutory obligations. The judgment is expected to have far-reaching implications in pending litigation and ongoing assessments under the GST framework.

This ruling reinforces the principle that ITC is a substantive right and cannot be denied merely due to supplier non-compliance, provided the recipient has acted in good faith. It provides much-needed clarity and relief to taxpayers facing similar disputes under GST.

Editor

Relief on Delay in Filing GST Appeal

**Madras High Court
WP No. 4198 of 2026
Dated: 13.02.2026**

In a significant ruling, the Madras High Court has provided relief to a taxpayer by condoning a substantial delay in filing a GST appeal, emphasizing a pragmatic and justice-oriented approach.

The case involved M/s. Shri Attik Chemicals, where an assessment order dated 13.02.2025 was not appealed within the prescribed time due to the inadvertent failure of the

taxpayer's accountant. Consequently, the appeal was filed with a delay of 214 days beyond the condonable period and was rejected by the Appellate Authority on limitation grounds.

Challenging this rejection, the petitioner approached the High Court, submitting that the delay was neither intentional nor deliberate, but arose due to lack of awareness caused by the accountant's lapse. It was further highlighted that the statutory requirement of 10% pre-deposit had already been complied with, and the petitioner expressed willingness to deposit an additional 10% of the disputed tax.

The Court found merit in the explanation offered and observed that procedural lapses should not defeat substantive justice, particularly when the delay is satisfactorily explained. Recognizing the bona fide nature of the taxpayer's claim, the Court condoned the delay subject to the condition that an additional 10% of the disputed tax amount be paid.

Accordingly, the impugned rejection order was set aside, and the Appellate Authority was directed to restore the appeal and dispose of the matter on merits after providing due opportunity to the petitioner.

This ruling reinforces the principle that genuine hardships and procedural delays, when reasonably justified, deserve leniency to ensure fair adjudication. It also serves as a reminder for taxpayers to maintain robust compliance mechanisms while offering reassurance that courts may intervene to prevent undue hardship in deserving cases.

The Hon'ble Madras High Court condoned a delay of 214 days in filing a GST appeal and held that procedural lapses should not defeat substantive justice when the delay is bona fide and

satisfactorily explained. The Court restored the appeal subject to payment of an additional 10% pre-deposit and directed disposal of the matter on merits.

-Editor

Key Judicial Development in GST – ITC Relief to Bona Fide Purchasers

**High Court of Tripura
W.P. 688 of 2022
Dated: 06.01.2026**

The Tripura High Court, in the case of M/s. Sahil Enterprises vs. Union of India (Judgment dated 06 January 2026), has delivered a significant ruling on the denial of Input Tax Credit (ITC) under Section 16(2)(c) of the CGST Act. The case revolved around a situation where the petitioner, a registered trader, had purchased goods and duly paid GST to its supplier. However, the supplier failed to deposit the tax with the Government, leading the tax authorities to deny ITC to the petitioner and raise a substantial demand along with interest and penalty.

The central issue before the Court was whether a bona fide purchaser could be denied ITC merely because the supplier defaulted in remitting the tax, and whether such denial under Section 16(2)© was constitutionally valid. The petitioner argued that it had no mechanism to verify whether the supplier had actually deposited the tax and that denial of ITC would amount to penalizing it for the fault of another party.

The Court upheld the constitutional validity of Section 16(2)© but applied the doctrine of "reading down" to ensure fairness in its application. It observed that a genuine purchaser who has complied with all statutory requirements, including possession

of valid invoices and payment of tax, cannot be expected to ensure that the supplier deposits the tax with the Government. Imposing such a condition would create an impossible burden and lead to unjust consequences, including double taxation.

Accordingly, the Court held that ITC cannot be denied in cases involving bona fide transactions and that the provision should apply only where there is evidence of fraud, collusion, or non-genuine dealings. The demand order was set aside, and the authorities were directed to allow the ITC claimed by the petitioner.

This ruling is a major relief for taxpayers, as it reinforces the principle that genuine businesses should not be penalized for supplier defaults. It also clarifies that enforcement action should be directed against defaulting suppliers rather than compliant recipients, thereby strengthening the integrity and fairness of the GST regime.

The Hon'ble Tripura High Court held that ITC cannot be denied to a bona fide purchaser merely because the supplier failed to remit tax to the Government in the absence of fraud or collusion. The Court read down Section 16(2)(c) of the CGST Act and directed that action should be taken against defaulting suppliers rather than genuine recipients.

-Editor

Bail Granted in GST Fraud Case Involving Alleged Fake ITC Claims

**HIGH COURT OF
CHHATTISGARH**
MCRC No. 2070 of 2026
Dated: 10.04.2026

In a significant development under GST enforcement jurisprudence, the

High Court of Chhattisgarh, in MCRC No. 2070 of 2026, granted regular bail to the applicant accused of availing fraudulent Input Tax Credit (ITC) amounting to 11.44 crore. The case arose from allegations by the Directorate General of GST Intelligence (DGGI) that the applicant had claimed ITC on the basis of fake invoices without actual supply of goods, involving multiple non-existent firms.

The prosecution contended that the transactions were mere paper entries, supported by electronic evidence, GSTN data, and statements recorded under Section 70 of the CGST Act. It was further argued that the offence, involving an amount exceeding 5 crore, is cognizable and non-bailable under Section 132(5), and that the applicant played a central role in orchestrating the fraud.

On the other hand, the applicant argued that the case was based entirely on documentary evidence already in possession of the department, and no further custodial interrogation was required. It was also highlighted that no final tax liability had been determined through adjudication, and procedural safeguards—such as proper specification of grounds of arrest—were allegedly not followed.

After considering the submissions, the Court observed that the allegations primarily rested on documentary evidence and that the investigation, insofar as the applicant was concerned, was substantially complete. The Court also noted that offences under Section 132 are compoundable and carry a maximum punishment of five years.

Importantly, the Court found no compelling reason to deny bail, particularly in the absence of any concrete apprehension of tampering with evidence or

influencing witnesses. Accordingly, bail was granted subject to conditions.

This ruling reiterates the principle that in economic offences under GST, prolonged custody may not be justified where investigation is complete and evidence is documentary in nature.

The Hon'ble High Court of Chhattisgarh granted regular bail in a GST fake ITC case involving alleged fraudulent claims of 11.44 crore, observing that the case was primarily based on documentary evidence and investigation was substantially complete. The Court held that prolonged custody was not justified in the absence of risk of tampering with evidence or influencing witnesses.

-Editor

Bombay High Court Quashes Bank Attachment for Recovery of Deceased Father's GST Dues

High Court of Bombay
W.P. No. 8709 of 2025
Dated: 15.04.2026.

In a significant ruling, the Bombay High Court in Navin Vishwanathan vs. State of Maharashtra has reaffirmed the importance of due process and natural justice in GST recovery proceedings. The case involved the attachment of a taxpayer's bank account for recovery of alleged GST dues of his deceased father.

The petitioner, an independent proprietor with a separate GST registration and place of business, challenged the attachment of his bank account by the department under Sections 79 and 93 of the CGST Act. The department contended that since the petitioner continued business under the same

trade name as his father, he was liable for the outstanding dues.

However, the Court rejected this approach, emphasizing that under the GST framework, each registration constitutes a distinct taxable entity. Mere similarity in trade name does not automatically establish continuity of business or liability. The Court observed that no proceedings had been initiated to determine the petitioner's liability under Section 93, nor was any show cause notice issued prior to invoking coercive recovery measures.

Importantly, the Court reiterated that recovery proceedings under Section 79 presuppose an established liability. In the absence of adjudication and without affording an opportunity of hearing, such action violates principles of natural justice and constitutional protections under Article 300A.

Relying on established jurisprudence, including the Supreme Court's ruling in RadhaKrishan Industries, the Court held that provisional attachment powers are drastic and must be exercised with caution, based on tangible material and necessity.

Accordingly, the impugned bank attachment was quashed, and the department was directed to de-freeze the account. The Court, however, granted liberty to initiate fresh proceedings in accordance with law.

This ruling provides critical clarity on the limits of recovery powers and safeguards available to taxpayers under GST.

The Hon'ble Bombay High Court quashed the attachment of the petitioner's bank account for recovery of his deceased father's GST dues, holding that separate GST registrations constitute distinct taxable entities. The

Court further held that recovery proceedings without adjudication and opportunity of hearing violate principles of natural justice and Article 300A of the Constitution.

-Editor

Bombay High Court on Blocking of ITC and Show Cause Proceedings

**High Court of Bombay
W.P. No. 7404 of 2021
Dated: 02.04.2026.**

In a significant ruling, the Bombay High Court addressed a batch of writ petitions concerning the blocking of Input Tax Credit (ITC) and issuance of show cause and pre-intimation notices under the GST regime. The petitions challenged departmental actions alleging fraudulent ITC claims based on purportedly bogus invoices and transactions involving unregistered suppliers.

The petitioners contended that such actions were arbitrary and also questioned the constitutional validity of Section 16(2)© of the CGST Act, arguing that it unfairly burdens recipients for defaults of suppliers. They further challenged the blocking of ITC as being detrimental to their business operations and violative of constitutional protections.

The Court, while acknowledging that blocking of ITC has serious civil consequences and impacts business continuity, emphasized that the GST framework constitutes a complete code. It observed that each case must be assessed individually to determine whether the department's action is supported by tangible material and justified under law. At the same time, the Court underscored that fraudulent ITC claims cannot be permitted and must be dealt with strictly.

Importantly, the Court held that challenges to show cause or pre-intimation notices at a premature stage are generally not maintainable. It directed the petitioners to file replies to the notices within the prescribed timeline, and instructed authorities to adjudicate the matters in accordance with law after granting proper opportunity of hearing. In cases involving pre-show cause intimations, authorities were directed to decide promptly whether proceedings should continue or be dropped.

The Court also kept open all legal and constitutional contentions, including the challenge to Section 16(2)©, to be raised at an appropriate stage.

This ruling reinforces judicial restraint in intervening at the notice stage while ensuring procedural fairness and safeguarding taxpayers' rights during adjudication.

The Hon'ble Bombay High Court held that challenges to show cause and pre-intimation notices at a premature stage are generally not maintainable under GST law. The Court directed taxpayers to submit replies before the authorities and emphasized that adjudication must be conducted in accordance with law while safeguarding procedural fairness.

-Editor

Andhra Pradesh High Court Clarifies Jurisdiction on IGST for Imports

**High Court Of
Andhra Pradesh
W.P NO: 11760/2023
Dated: 01-04-2026**

In a significant ruling in W.P. No. 11760 of 2023, the High Court of Andhra Pradesh addressed the

crucial issue of jurisdiction under the GST regime, particularly concerning the levy and collection of Integrated Goods and Services Tax (IGST) on imported goods.

The case involved Avanti Feeds Limited, which challenged a show cause notice issued by State GST authorities disputing exemption claims on certain imported inputs. The petitioner argued that such proceedings were without jurisdiction, as IGST on imports falls exclusively within the domain of Customs authorities.

The Court examined the interplay between the IGST Act and the Customs Act, emphasizing that as per the proviso to Section 5(1) of the IGST Act, tax on imported goods is to be levied and collected in accordance with the Customs Tariff Act at the time of import. It held that the process of assessment, including determination of taxability, valuation, and exemptions, squarely lies with Customs authorities and not GST officers.

Further, the Court rejected the State's argument of "cross-empowerment" under Section 6 of the CGST/APGST Acts. It clarified that such empowerment applies only where the taxpayer is administratively assigned to State authorities. In this case, since the petitioner was under Central jurisdiction, State officers lacked authority to initiate proceedings.

The Hon'ble Andhra Pradesh High Court held that levy and collection of IGST on imported goods fall exclusively within the jurisdiction of Customs authorities and not State GST officers. The Court further clarified that cross-empowerment under GST is not automatic and depends upon statutory and administrative allocation of jurisdiction.

-Editor

Anticipatory Bail Granted in GST ITC Case

**High Court Of Telangana
Criminal Petition
No.5740 Of 2026
Date: 23.04.2026**

In a significant development, the High Court for the State of Telangana at Hyderabad, presided over by Justice K. Sujana, has granted anticipatory bail to Mr.Devendra Surana in a case involving alleged wrongful availment of Input Tax Credit (ITC) under the GST regime.

The case arose from proceedings initiated by the Directorate General of GST Intelligence (DGGI), alleging that the petitioner's company engaged in transactions with a supplier whose GST registration was later cancelled retrospectively. The total value of transactions under scrutiny was approximately 97.25 crore. However, the petitioner contended that all transactions were genuine, duly supported by invoices, e-way bills, transport documents, and banking records, and that due diligence, including KYC verification of the supplier, had been undertaken.

The Court observed that the matter was primarily documentary in nature and that all relevant records were already in possession of the authorities. It also noted that the petitioner had cooperated with the investigation and had no prior criminal antecedents. Importantly, the petitioner had deposited 17.5 crore, representing the alleged ITC in dispute.

Relying on judicial precedents, including Supreme Court rulings, the Court emphasized that custodial interrogation is not always necessary in economic offences, particularly where evidence is documentary and the accused has shown willingness to cooperate.

Accordingly, anticipatory bail was granted subject to conditions, including surrender before authorities, execution of a bond, cooperation with investigation, and restrictions on travel.

This ruling reinforces the principle that arrest in GST cases should not be routine and must be justified by compelling circumstances, balancing enforcement with individual liberty.

The Hon'ble Telangana High Court granted anticipatory bail in a GST ITC case observing that the allegations were primarily documentary in nature and the petitioner had cooperated with the investigation. The Court reiterated that arrest in GST matters should not be routine and custodial interrogation is unnecessary where records are already available with authorities.

-Editor

GST Refund Rejection Set Aside Due to Procedural Lapses

**High Court of Bombay
W.P. No. 36200 of 2023
Dated: 15.04.2026.**

In a significant decision, the Bombay High Court in *K Line India Pvt. Ltd. vs Union of India* (15 April 2026) examined the validity of refund rejection orders passed without following due process under GST law. The case highlights the importance of procedural compliance and protection of taxpayer rights in refund matters.

The petitioner had claimed a refund of IGST paid on zero-rated supplies made to an SEZ unit. However, the department rejected the refund application through an ex-parte order without issuing a deficiency memo or granting an opportunity of personal hearing, as required under Rule 92 of the CGST Rules.

Although the petitioner later filed a fresh refund application, and a deficiency memo was issued in response, the authorities did not proceed further. Instead, the petitioner was directed to file an appeal against the original rejection order, which was ultimately dismissed on the ground of limitation.

The Court observed that the initial rejection order suffered from serious procedural defects and was passed in violation of the principles of natural justice. It emphasized that Rule 92(3) mandates issuance of a deficiency memo and an opportunity of hearing before rejecting a refund claim. Since these requirements were not fulfilled, the Court held that the order was void ab initio and could not be sustained in law.

Further, the Court noted that the department itself had entertained the subsequent refund application and issued a deficiency memo, indicating that the claim was still under consideration. In such circumstances, denying the refund on technical grounds of limitation would result in undue hardship to the taxpayer. The Court clarified that procedural irregularities on the part of the authorities cannot extinguish substantive rights of the assessee.

Accordingly, the Court directed the department to process the subsequent refund application on merits and pass a fresh order in accordance with law within six weeks, without being influenced by the earlier defective order or the appellate authority's decision.

This ruling reinforces that adherence to due process is essential in GST proceedings and that taxpayers cannot be penalized for lapses committed by the tax authorities.

The Hon'ble Bombay High Court restored a GST appeal rejected for non-payment of mandatory pre-deposit, considering the petitioner's bona fide difficulties arising from non-uploading of the adjudication order on the GST portal. The Court granted time to comply with pre-deposit requirements and directed restoration of the appeal for disposal on merits.

Editor

Telangana High Court on Separate GST Liability & Appeal Rights

**High Court of Telangana
W.P. No. 9166 and
9354 of 2026.
Dated: 08.04.2026.**

In a significant ruling, the Telangana High Court has clarified important procedural safeguards in GST adjudication involving both a company and its key managerial personnel. The case involved M/s Sugna Metals Limited and its Managing Director, where a common Order-in-Original imposed substantial tax, interest, and penalties under Sections 74 and 122 of the CGST Act for alleged wrongful availment and passing of input tax credit.

The controversy arose due to the issuance of a composite Form GST DRC-07, which reflected the liabilities of both the company and its Managing Director in a single document. Since the Managing Director was not a registered person under GST, he faced practical difficulty in filing an appeal against the order. This raised a critical issue regarding the availability of an effective appellate remedy for non-registered individuals.

The Court addressed this procedural gap by emphasizing that

separate liabilities must be supported by separate statutory remedies. It noted that a person who is not registered under GST cannot be denied the right to appeal merely due to procedural limitations. Referring to Rule 16A of the CGST Rules, 2025, the Court held that such individuals are entitled to obtain a temporary registration or identification number to pursue legal remedies.

Accordingly, the Court directed the tax authorities to issue two separate Form GST DRC-07 orders—one for the company and another for the Managing Director—clearly specifying their respective liabilities. This would enable both parties to file independent appeals. The Court also clarified that the limitation period for filing appeals would commence only after issuance of the revised DRC-07 forms, thereby ensuring fairness in the process.

Without delving into the merits of the case, the Court disposed of the petitions with these directions, reinforcing the importance of natural justice and procedural clarity in GST proceedings. The ruling serves as a reminder that tax administration must align with legal principles that guarantee fair opportunity and accessibility to remedies for all affected parties.

The Hon'ble Telangana High Court held that separate liabilities under GST require separate statutory remedies and directed issuance of independent DRC-07 orders for the company and its Managing Director. The Court further clarified that non-registered persons must be enabled to pursue appellate remedies through temporary registration or identification mechanisms.

- Editor

Landmark GST Ruling on Pigmy Agents

High Court of Karnataka.
W.P. No.100806 of 2024
Dated: 08.04.2026

In a significant development, the Karnataka High Court has clarified the applicability of Goods and Services Tax (GST) on services rendered by pigmy agents engaged by banks. The case involved Karnataka VikasGrameena Bank, which challenged multiple show cause notices issued by tax authorities demanding GST on commissions paid to these agents.

The central issue before the Court was whether pigmy agents—who collect small deposits on behalf of the bank—should be treated as independent service providers (thereby attracting GST) or as employees (exempt from GST under Schedule III of the CGST Act, 2017).

After a detailed examination, the Court held that pigmy agents qualify as employees rather than independent contractors. It relied on established judicial principles, emphasizing factors such as control, supervision, economic dependence, and the nature of remuneration. The Court noted that despite being termed as “commission,” the payments made to pigmy agents bore characteristics of wages. Additionally, the bank exercised significant control over their work, further reinforcing the employer-employee relationship.

Importantly, the Court rejected the tax authorities’ argument that pigmy agents function as “business facilitators.” It observed that such classification requires alignment with RBI-recognized models, which was absent in this case. The agents’ role was limited to deposit collection and did not extend to broader facilitation activities envisaged under regulatory frameworks.

Consequently, the Court ruled that services rendered by pigmy agents fall under the exemption provided for employee services and are not subject to GST. The impugned show cause notices were quashed, and the bank was granted consequential relief.

This judgment provides crucial clarity for the banking sector and reinforces the principle that substance prevails over form in determining tax liability under GST.

The Hon'ble Karnataka High Court held that pigmy agents engaged by banks are employees and not independent service providers, and therefore services rendered by them are exempt from GST under Schedule III of the CGST Act. The Court quashed the show cause notices and emphasized that substance prevails over form in determining tax liability.

Editor

Limits on State Authority in Interstate Goods Movement

High Court of Andhra Pradesh
W.P. No.541 of 2026
Dated: 01.04.2026.

A recent judgment by the High Court of Andhra Pradesh has provided important clarity on the powers of State tax authorities under the GST framework, particularly in cases involving interstate movement of goods. The case involved multiple petitions where goods in transit—from one state to another—were intercepted and detained by Andhra Pradesh officials, even though the goods neither originated from nor were destined for the state.

The central issue before the Court was whether State tax authorities have the authority to detain, seize, or confiscate such goods under

Sections 129 and 130 of the GST Acts. The petitioners argued that these actions were unlawful, especially since the goods were accompanied by valid documents like invoices and e-way bills.

The Court closely examined the concept of a “proper officer” and held that jurisdiction depends on how taxpayers are administratively assigned between State and Central authorities. It clarified that cross-empowerment of officers is not automatic and must align with statutory provisions and administrative allocation.

A key takeaway from the judgment is the distinction between intra-state and interstate transactions. The Court ruled that in interstate trade governed by the IGST Act, a state through which goods merely pass (an intermediary state) does not have the authority to impose penalties or confiscate goods, as it is not entitled to the tax revenue from such transactions.

Additionally, the Court emphasized that issues like undervaluation or minor discrepancies in documents cannot justify detention unless there is clear intent to evade tax.

This ruling reinforces the principle of free movement of goods across states and protects businesses from arbitrary enforcement actions, ensuring that GST laws are applied fairly and within jurisdictional limits.

The Hon'ble Andhra Pradesh High Court held that intermediary States have no authority to detain or confiscate goods involved in interstate movement where goods neither originate from nor are destined for that State. The Court further clarified that detention cannot be justified merely on undervaluation or minor discrepancies in the absence of intent to evade tax.

Editor

**Key Ruling on Tax Revision
Delays by Karnataka High Court****High Court of Karnataka
STA No.18 of 2025
Dated: 19-11-2025**

In a significant judgment, the High Court of Karnataka addressed the issue of delayed tax revision proceedings under the Karnataka Value Added Tax (KVAT) Act, 2003. The case involved M/s Abharana Jewellers Pvt. Ltd., which challenged a revision order issued nearly a decade after the original appellate decision.

The dispute dates back to the tax period of April 2011 to March 2012. Initially, the assessment was concluded in February 2015, followed by an appellate order in May 2015 in favor of the taxpayer. However, in January 2025, the tax authorities issued a notice for suomotu revision under Section 64(1) of the KVAT Act, citing issues such as incorrect tax rates and improper input tax credit claims.

A central question before the Court was whether such a delayed notice—issued almost ten years after the appellate order—was legally sustainable. Although the authorities argued that the revision process had technically begun within the statutory timeframe (when records were called for in 2018), the Court found this reasoning insufficient.

The Court emphasized that there was an unexplained and substantial delay at multiple stages: from calling the records in 2018 to receiving them in 2021, and further delay until issuing the notice in 2025. This lack of justification rendered the exercise of revisional powers arbitrary and unreasonable.

Importantly, the Court held that even if procedural timelines are technically met, authorities must act within a reasonable period. Excessive delay, especially without

proper explanation, undermines fairness and legal certainty.

As a result, the High Court set aside the revision order dated March 27, 2025, ruling in favor of the taxpayer. This judgment reinforces the principle that administrative powers must be exercised diligently and within a reasonable time frame.

The Hon'ble Karnataka High Court set aside delayed revision proceedings initiated nearly ten years after the original appellate order under the KVAT Act. The Court held that even where statutory timelines are technically complied with, revisional powers must be exercised within a reasonable period and unexplained delays render proceedings arbitrary and unsustainable.

- Editor

**Bombay High Court Rules
Damages under Arbitral Award
Not Taxable under GST****High Court of Bombay
W.P.4914 of 2022
Dated: 30.04.2026**

In a landmark judgment, the Bombay High Court in *Tata Sons Private Ltd. v. Union of India* delivered a significant ruling on the taxability of damages and settlement payments under the GST regime. The Court held that amounts paid pursuant to an arbitral award cannot be treated as consideration for a taxable supply merely because the recipient agreed to suspend or withdraw legal proceedings.

The case arose from disputes between Tata Sons Private Limited and NTT Docomo Inc. under a Shareholders' Agreement relating to Tata Teleservices Ltd. Under the agreement, Tata was obligated to provide an exit mechanism to Docomo in case certain performance benchmarks were not

achieved. Upon failure of the agreed conditions, disputes arose and were referred to arbitration before the London Court of International Arbitration (LCIA).

The arbitral tribunal passed an award directing Tata to pay damages exceeding USD 1.17 billion along with interest and costs. Thereafter, enforcement proceedings were initiated before courts in India, the United Kingdom and the United States. Eventually, consent terms were entered before the Delhi High Court under which Tata agreed to satisfy the award, while Docomo agreed to suspend and later withdraw enforcement proceedings upon receipt of payment.

Subsequently, the Directorate General of GST Intelligence (DGGI) issued an intimation and later a show cause notice proposing levy of IGST amounting to more than 1,524 crore. The department alleged that Docomo had rendered a taxable service by "agreeing to tolerate an act" or "refraining from an act" under Entry 5(e) of Schedule II to the CGST Act. According to the department, the temporary suspension of enforcement proceedings and the settlement arrangement constituted an independent contractual obligation liable to GST.

Tata challenged the proceedings before the Bombay High Court contending that damages awarded under arbitration cannot be equated with consideration for supply of services. It was argued that the payments were purely compensatory in nature and arose from breach of contractual obligations. Tata further relied upon CBIC Circulars dated 03.08.2022 and 28.02.2023 which clarified that liquidated damages, compensation and penalty payments are generally not taxable unless there exists an independent agreement to tolerate an act for a separate consideration.

Accepting Tata's contentions, the High Court held that the payment made pursuant to the arbitral award was essentially damages and not consideration for any supply. The Court observed that enforcement proceedings initiated by Docomo in various jurisdictions were merely consequential remedies for recovery of the awarded amount. Suspension or withdrawal of such proceedings did not create a separate commercial arrangement capable of being taxed as a supply of service.

The Court also emphasized that GST is leviable only where there exists a clear supply for consideration. Compensation awarded by an arbitral tribunal or court for breach of contract cannot automatically be characterized as consideration for tolerating a breach. The ruling strongly reiterates that compensatory payments and adjudicated damages retain their legal character and cannot be artificially brought within the ambit of Entry 5(e) of Schedule II.

This judgment is likely to have substantial implications for GST disputes involving arbitration awards, settlement payments, liquidated damages and contractual compensation. It provides significant clarity on the interpretation of "tolerating an act" under GST law and is expected to curb aggressive tax demands on purely compensatory transactions.

GST cannot be levied on arbitral awards, damages, or settlement payments unless a clear, independent supply exists for consideration. Mere suspension or withdrawal of

legal proceedings to enforce compensation does not amount to "tolerating an act" under Schedule II. Officers should avoid taxing purely compensatory transactions.

- Editor

Bombay High Court Rules Damages under Arbitral Award Not Taxable under GST

**High Court of Bombay
W.P.4914 of 2022
Dated: 30.04.2026**

In a significant development concerning GST anti-profiteering proceedings, the Delhi High Court granted interim relief to Tata Play Limited by directing that no coercive steps be taken against the company pending adjudication of its writ petition.

The dispute arises from allegations that Tata Play failed to pass on the benefit of Input Tax Credit (ITC) to consumers under Section 171 of the CGST Act. Tata Play contended that there was no profiteering since GST on DTH services had actually increased from 15% to 18% with effect from 15 November 2017, while the company maintained the same Maximum Retail Price (MRP) for consumers. The company argued that it absorbed the additional tax burden instead of passing it on to subscribers.

Earlier, the Delhi High Court had remanded the matter to the Principal Bench of the GST Appellate Tribunal (GSTAT), observing that the factual issue of "actual profiteering" required fresh examination. The Court noted that the investigation

report alleging profiteering of over 450 crore may require reconsideration in light of the increased GST burden borne by the company.

In the latest proceedings dated 28 April 2026, Tata Play argued that the GSTAT exceeded the scope of the remand directions issued by the High Court. Taking note of the earlier interim protection granted during prior litigation, the Court extended similar protection and restrained coercive recovery actions until further orders. The matter is now listed for further hearing on 28 July 2026.

The Delhi High Court's Tata Play ruling highlights that anti-profiteering under Section 171 of the CGST Act requires proof of actual profiteering, not merely theoretical ITC benefit. GST officers must examine the combined impact of ITC, tax rate changes, pricing, and margins before quantifying profiteering. Authorities should follow remand directions strictly, ensure reasoned findings, and avoid coercive recovery where substantial factual disputes are pending adjudication.

- Editor

High Court Emphasizes Fair Consideration Over Technical Rejection

**High Court of Allahabad
Writ Tax No. 2076
of 2024.
Dated: 24.03.2026**

In a recent ruling, the Allahabad High Court addressed an important issue concerning the rejection of a GST appeal on the grounds of delay, highlighting the need for procedural fairness in tax matters. The case involved a registered dealer engaged in the supply of electrical materials, who was subjected to a penalty of 2.42 lakh under Section 129 of the GST Act after goods in transit were intercepted by authorities. Although the penalty was paid under protest, the petitioner filed an appeal with a delay of 12 days beyond the prescribed time limit.

The delay occurred due to a misunderstanding on the part of the Chartered Accountant, who failed to file the appeal on time despite receiving all the necessary documents. The petitioner also cited health-related issues during the relevant period, which contributed to the delay. Despite these explanations, the appellate authority rejected the

appeal solely on the ground that it was filed beyond the maximum permissible period under Section 107 of the GST Act, which allows three months for filing an appeal and an additional one-month condonable delay.

Upon review, the High Court observed that the appellate authority did not properly consider the reasons provided for the delay. The Court emphasized that when sufficient cause is shown, authorities must evaluate such explanations carefully and provide reasoned decisions rather than dismissing appeals on technical grounds alone. It stressed that justice should not be denied merely due to procedural lapses if valid justification exists.

Consequently, the High Court set aside the appellate authority's order and remitted the matter back for fresh consideration. It directed that the appeal be decided on merits after giving the

petitioner an opportunity to be heard. This ruling reinforces that while statutory timelines are important, they should not override the principles of fairness and justice.

The Hon'ble Allahabad High Court held that GST appeals should not be rejected mechanically on limitation grounds without properly considering explanations for delay. The Court remanded the matter for fresh consideration on merits after observing that procedural fairness must prevail over technical rejection.

- Editor

The following officers retired in the Month of April 2026:

Ranganath, ACCT

Ushadevi V., CTO

Arun P.S., CTO

Uma H., CTO

Vishwanatha S. Kurera, CTO