67th Edition

ICAI-GST NEWSLETTER

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Newsletter from The Institute of Chartered Accountants of India

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President's Communication

Dear Professional Colleagues,

Greetings!

The celebration of the 78th CA Day on 1st July, 2026 together with the commemoration of nine years of Goods and Services Tax (GST) implementation in India, was a proud occasion to reaffirm the Chartered Accountancy profession's enduring contribution to nation-building and economic governance. As trusted partners in India's development story, Chartered Accountants continue to play a vital role in strengthening transparency, fostering tax compliance and supporting the effective implementation of key economic reforms, including the Goods and Services Tax (GST). As the GST ecosystem continues to evolve, the profession remains committed to contributing its expertise towards strengthening the framework and enhancing its effectiveness.

As India's GST framework continues to mature, greater emphasis is being placed on strengthening institutional mechanisms that promote certainty, transparency and timely resolution of disputes. The operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT) marks a significant milestone in this journey, reinforcing the Government's commitment to building an efficient, credible and taxpayer-friendly appellate framework. The continued progress of the GST regime is also reflected in the encouraging GST collections for June 2026, amounting to ₹1,94,812 crore, representing a year-on-year growth of 13.9 per cent, over June 2025—the highest recorded growth in the last thirteen months. These robust collections underscore resilient economic activity, improved tax compliance and the increased maturity of the GST ecosystem.

In keeping with this evolving GST landscape, the ICAI through its GST & Indirect Taxes Committee has undertaken focused initiatives to familiarise members and stakeholders with the Tribunal's functioning, procedures and evolving practices. Accordingly, the Committee organised Public Outreach Programmes on GSTAT at Mumbai on 22nd June, 2026 and at Bengaluru on 25th June, 2026. The Bengaluru programme was also addressed virtually by the Hon'ble President, GSTAT and both the programmes witnessed the active participation of the Hon'ble Vice-President and Hon'ble Judicial and Technical Members of GSTAT, who shared valuable insights on the Tribunal's functioning and engaged with members and stakeholders on various practical aspects of the appellate process. These initiatives reflect the shared commitment of ICAI and GSTAT to fostering an efficient, transparent and accessible appellate mechanism.

The Committee also continued its capacity-building initiatives for GST officers through programmes organised in collaboration with NACIN, the Gujarat State Tax Department and other institutions. Further, drawing upon the profession's practical experience, it submitted recommendations on the GSTAT Portal & Procedure Rules, 2025 with a view to enhancing the portal's operational efficiency and streamlining procedural requirements.

ICAI remains committed to supporting all of India's economic reforms, including in the area of indirect taxes through technical excellence, constructive policy inputs, and continuous professional development. I encourage members to actively participate in the ICAI's knowledge initiatives and make full use of the resources developed for the profession.

I trust that this edition of the GST Newsletter will provide valuable insights and practical guidance to help members and other stakeholders navigate the evolving GST landscape with greater confidence and clarity.

CA. Prasanna Kumar D
President
The Institute of Chartered Accountants of India

Photographs

Meeting with Justice (Dr.) Sanjaya Kumar Mishra, Hon'ble President, GSTAT, by CA. Umesh Sharma, Chairman, CA. Rajendra Kumar P, Vice-Chairman and Secretary, GST & IDTC, to express gratitude for the extension of the limitation period for filing GST appeals before the GSTAT and to discuss the latest updates on the filing of appeals before the GSTAT and other related matters on 30.06.2026.

CA. Rajendra Kumar P, Vice-Chairman, GST & IDTC, and Central Council Member of ICAI, CA. Hans Raj Chugh, met Shri Amol Ket, Additional Director General, DG Audit, on 08.06.2026 and apprised him of the Committee's various GST initiatives.

A Public Outreach Programme on GSTAT was organised by the GST & IDTC of ICAI, on 22.06.2026 at ICAI Mumbai. Shri Rajeev Purushottam Pande, Hon'ble Vice-President, GSTAT (Maharashtra & Goa), delivered the keynote address. CA. Umesh Sharma, Chairman, and CA. Rajendra Kumar P, Vice-Chairman, GST & IDTC, ICAI, were also present.

The GST & IDTC organised a Two-Day National Conference on GST on June 20 and 21, 2026 at Chhatrapati Sambhajinagar. The conference was graciously inaugurated by CA. Mangesh Kinare, Hon'ble Vice - President, ICAI, and CA. Umesh Sharma, Chairman, GST & IDTC of ICAI.

The GST & IDTC organised a Two-Day Seminar on GST on June 12 and 13, 2026 at Nashik. The seminar was graciously inaugurated by CA. Mangesh Kinare, Hon'ble Vice President, ICAI, and CA. Umesh Sharma, Chairman, GST & IDTC of ICAI.

Chairman's Communication

Esteemed Member,

Warm Greetings!

As we mark the completion of nine transformative years since the implementation of the Goods and Services Tax (GST) in July 2017, it is an opportune moment to reflect on the remarkable journey of this landmark reform. Over the years, GST has evolved into a more streamlined, technology-driven, and compliance-oriented tax regime, significantly reshaping India's indirect tax landscape and enhancing the ease of doing business. This progress has been driven by the collective efforts of policymakers, tax administrators, and professionals, who continue to contribute towards strengthening the GST ecosystem while adapting to its dynamic and evolving framework.

As the GST framework continues to evolve, several important developments have taken place during the month. The Ministry of Finance (Department of Revenue) has notified a final deadline of July 31, 2026, for filing appeals and applications before the GSTAT in legacy cases, applicable to taxpayer orders communicated before May 1, 2026, and departmental orders passed before February 1, 2026. This extension provides an important opportunity to taxpayers and the Department to facilitate the resolution of pending litigation matters.

The Central Board of Indirect Taxes & Customs (CBIC) has also issued an important clarification regarding the jurisdictional authority for GST proceedings where a taxpayer changes the Principal Place of Business, resulting in a change of GST jurisdiction. The clarification provides much-needed certainty on the continuity of proceedings and delineates the responsibilities of the existing and the new jurisdictional authorities, thereby facilitating smoother administration of GST.

Keeping pace with these developments, the GST & Indirect Taxes Committee remains committed to providing timely technical guidance to members and stakeholders. During the month, the Committee released the updated Handbook on Job Work under GST and the revised Handbook on Finalisation of Accounts with GST Perspective (Both updated up to 31.05.2026). These publications offer practical insights on GST compliance and financial reporting and are available for free download from the **Committee's website** as well as in printed form through the **CDS Portal**.

I also encourage members to stay connected with the Committee through our official **WhatsApp Channel** and **X (formerly Twitter)** handle for regular updates on important GST developments, knowledge initiatives and publications.

Your continued feedback and suggestions are invaluable in helping us make this Newsletter more relevant and impactful. I invite you to share your valuable inputs and suggestions at gst@icai.in.

I hope this edition of the GST Newsletter proves to be an informative and valuable resource for your professional journey.

CA. Umesh Sharma
Chairman
GST & Indirect Taxes Committee
The Institute of Chartered Accountants of India

An End to Non-GST Credit Notes

For Taxable Supplies in Case of Post Supply Discounts

Executive Summary:

This article emphasis the shift of practice of issuing Non-GST Credit Notes for post supply discounts to issue of GST Credit Note in light of the amendment to Section 15(3)(b) and Section 34(1) of CGST Act, 2017 by Finance Act, 2026. The government has not yet notified the effective date for these sections. It is imperative for the trade to change the process followed due to amendment by Finance Act, 2026 for post supply discounts.

Introduction:

"Non-GST Credit Notes" cognately called as 'Financial Credit Notes' or 'Commercial Credit Notes', which normally from GST preceptive that means, the Non-GST Credit Notes do not contain the GST Component in it. Issue of Non-GST Credit Notes is not prohibited or restricted under GST Law. The crux of the subject in the present article is relating to issue of Non-GST Credit Notes for Taxable Supplies for post supply discounts considering the amendment made by Finance Act, 2026.

Relevant Sections:

Relevant provisions relating to Credit Notes for post supply discounts are Section 15(3)(b) and Section 34(1) of Central Goods & Services Tax Act, 2017 (CGST Act). Section 15(3)(b) lists out the conditions for issue of credit note for post supply discounts and Section 34(1) lists out the purposes or reasons for which a Credit Note can be issued.

Recommendation of 56th GST Council Meeting & Finance Act, 2026:

GST Council in its 56th meeting has recommended to amend Section 15(3) and Section 34(1) of CGST Act to omit the requirement of establishing the discount in terms of an agreement entered into before or at the time of such supply and specifically linking of the same with relevant invoices. The council also recommended to rescind Circular No: 212/6/2024-GST, Dt: 26-06-2024 and to issue fresh circular clarifying certain issues relating to post supply discounts, accordingly the CBIC has issued Circular No: 253/10/2025-GST, Dt: 01-10-2025 for rescinding Circular No: 212/06/2024 & issued Circular No: 251/08/2025-GST, Dt: 12-09-2025 clarifying certain issues pertaining to post sale discounts as per the recommendation of the Council.

As recommended by the GST Council, Finance Minister in Finance Bill, 2026 has proposed amendment to Section 15(3)(b) and Section 34(1) of CGST Act along with other sections, the Parliament has passed the bill and the Hon'ble President of India has accented the same on 30th day of March, 2026, by virtue of this, it became Finance Act, 2026.

Prior to amendment of Sections 15(3)(b) and 34(1):

Section 15(3)(b) and Section 34(1) stood in the statue book before the amendment made by Finance Act, 2026 are reproduced below for ready reference.

Section 15(3)(b) of CGST Act:

15(3) (b) after the supply has been effected, if-

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply

Section 34(1) of CGST Act:

34(1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.

A combined reading of these two provisions of CGST Act, the following conditions and reasons emanates:

1. discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices.
2. input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.
3. taxable value in that tax invoice is found to exceed the taxable value in respect of such supply.
4. tax charged in that tax invoice is found to exceed the tax payable in respect of such supply.
5. where the goods supplied are returned by the recipient.
6. where goods or services or both supplied are found to be deficient.

Conditions & restrictions as per Section 15(3)(b) are stated at (1) and (2) above, purposes for which a Credit Note to be issued as per Section 34(1) are stated at (3) to (6) above; (1) & (2) are not listed in (3) to (6), which indicate a Credit Note for post supply is not a reason for issue of Credit Note as the same is not permitted under Section 34(1). Moreover, the conditions mandated under Section 15(3)(b) are not practically implementable. The trade followed the process of issuing Credit Notes for post supply discounts by way of Non-GST Credit Notes.

Section 15(3)(b) specifies the conditions and restrictions for issue of Credit Note for post supply discount for determining the transaction value of taxable supply, whereas such reason or purpose for which a Credit Note can be given is not specified in Section 34(1), as a result, the issue of Credit Note for post supply discounts is a big question as to its validity. Central Board of Indirect Taxes and Customs (CBIC) has issued few circulars on this aspect clarifying the position of law in treating the post supply discounts, these circulars cannot cure the inconsistency in the provisions of law.

Considering the dis-harmony in these two specific sections of CGST Act relating to issue of Credit Note for post supply discounts, the Parliament has amended these two sections in Finance Act, 2026 which was assented by the Hon'ble President of India on 30th day of March, 2026. Amendment relating to these two sections are carried out in Section 153 & 154 of Finance Act, 2026, as per Section 2 of Finance Act, 2026, these sections of Finance Act, 2026 will come into force from a date to be notified in the official gazette. So far, such notification in this regard is not been issued by the Government.

Post amendment of Section 15(3)(b) and 34(1):

Section 15(3)(b) and Section 34(1) of CGST Act post amendment by Finance Act, 2026 are reproduced below for ready reference.

Section 15(3(b) of CGST Act:

"15(3)(b) after the supply has been effected, if for such discount, a credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34."

Section 34(1) of CGST Act:

"34(1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient or where a discount referred to in clause (b) of sub-section (3) of section 15 is given, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed."

A combined reading of these two provisions of CGST Act post amendment by Finance Act, 2026 the following conditions and reasons emanates:

A. credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34 for post supply discount.

B. taxable value in that tax invoice is found to exceed the taxable value in respect of such supply.

C. tax charged in that tax invoice is found to exceed the tax payable in respect of such supply.

D. where the goods supplied are returned by the recipient.

E. where goods or services or both supplied are found to be deficient.

F. where a discount referred to in clause (b) of sub-section (3) of section 15 is given.

Conditions & restrictions as per Section 15(3)(b) are stated at (A) above, purposes for which a Credit Note to be issued as per Section 34(1) are stated at (B) to (F) above; (A) is listed in (B) to (F), which indicate a Credit Note for post supply shall be issued by the supplier and recipient is required to reverse / reduce his Input Tax Credit on such Credit Notes, which entails the supplier to reduce his tax liability arising out of issue of Credit Note for post supply discounts. Supplier will continue to face the challenge of reversal of Input Tax Credit by recipient for post supply discounts even after the amendment of Sections supra.

On a conservative approach, post amendment of Section 15 & Section 34 by Finance Act, 2026 & from the effective date of amendment; every supplier shall issue a Credit Note under Section 15(3)(b) read with Section 34(1) for post supply discounts, this may not be required in case of exempted or non-taxable supplies but in case of taxable supplies it becomes mandatory. In case, the supplier issues Non-GST Credit Note for post supply discount for taxable supplies after the effective date of amendment, the revenue may insist the recipient for reversal of Input Tax Credit by applying Rule 35 of Central Goods & Services Tax Rules, 2017, by virtue of action of revenue the supplier may forego the right to reduce his tax liability subject to Section 34(2) of CGST Act.

A combined reading of amended sections, Section 15(3)(b) and Section 34(1) which are harmonized and they do not give any room for issue of Non-GST Credit Notes for Taxable Supplies for Post Supply Discounts. As a result of amendment of sections supra, issue of Non-GST Credit Notes for post supply discounts to be curtailed from the effective date of amendments to Section 15(3)(b) and Section 34(1) by Finance Act, 2026 and a GST Credit Notes as stipulated under Section 34(1) to be issued for post supply discounts, because in pre-amended era it was not mandatory to issue GST Credit Note for post supply discounts due to its impracticable restrictions and corresponding specific mention of Section 15(3)(b) in Section 34(1); whereas the requirement for issue of GST Credit Notes becomes mandatory post amendment as these two sections are harmonized and travel hand in hand together.

It is very clear from the harmony in these two specific sections of CGST Act, the revenue will perceive from the above perspective and accordingly they try to implement the law in accordance with the wisdom of the legislatures.

Conclusion:

It is imperative for the trade to come out of practice of issue of Non-GST Credit Note for post supply discounts and adopt the practice of issue of GST Credit Note for post supply discounts from the day these amended sections come into effect.

Contributed by CA. Satish Saraf

JUDICIAL PRONOUNCEMENTS

1. Playing a Game of Skill for Stakes Constitutes "Betting and Gambling" under GST Law; 28% GST Leviable on Full Face Value of Bet, Not Merely Platform Commission — 2023 Amendments to CGST Act Held Clarificatory and Retrospective. *[Directorate General of Goods and Services Tax Intelligence (HQs) Vs. Gameskraft Technologies Pvt. Ltd. and Others (with connected Civil Appeals, Criminal Appeal, Writ Petitions and Transferred Cases) – Supreme Court of India – Civil Appeal Nos. 8241-8244 of 2026 and connected matters – decided on 27-05-2026]*

Background

Gameskraft Technologies Pvt. Ltd. operates an online platform offering games such as rummy, played with monetary stakes. The Directorate General of GST Intelligence (DGGI) issued show cause notices dated 23.09.2022 u/s 74(1) of the CGST Act, alleging that Gameskraft had evaded GST of approximately Rs. 2,09,89,31,31,501/- (inclusive of interest and penalty) by classifying its taxable supply as a "service" (attracting 18% GST on the platform commission alone) instead of correctly treating it as "betting and gambling" involving actionable claims (attracting 28% GST on the entire amount staked). The Karnataka High Court, by judgment dated 11.05.2023, allowed Gameskraft's writ petitions and quashed the show cause notices, holding that rummy is predominantly a game of skill and therefore falls outside "betting and gambling." The Revenue appealed to the Supreme Court.

This appeal was heard together with a large batch of connected matters raising the same core controversy across the online gaming, fantasy sports and casino industry, including: Civil Appeal No. 8240 of 2024 (P Z Skill Games v. State of Maharashtra, concerning a gaming licence); Criminal Appeal No. 2933 of 2026 (State of Maharashtra v. Gurdeep Singh Sachar, arising from a criminal PIL alleging that Dream11's fantasy sports format constituted illegal gambling and GST evasion, dismissed by the Bombay High Court in 2019); writ petitions filed by E-Gaming Federation, Play Games24x7, Baazi Networks (poker), Golden Peace Infrastructure (a Goa casino operator), and numerous other operators challenging show cause notices and the constitutional validity of Sections 2(31), 2(52), 7, 9 and 15 of the CGST Act, 2017 and Rules 31A, 31B and 31C of the CGST Rules, 2017; and 27 cases transferred from various High Courts raising identical questions.

Issue Involved

1) Whether online gaming activities, including games predominantly involving skill (such as rummy) and fantasy sports, played for monetary stakes, constitute "betting and gambling" so as to give rise to a taxable supply of "actionable claims" under the CGST Act.
2) Whether Sections 2(31), 2(52), 7, 9 and 15 of the CGST Act, 2017 and Rules 31A, 31B and 31C of the CGST Rules, 2017 are constitutionally and statutorily valid.
3) Whether GST is leviable on the entire face value/stake amount (Gross Bet Value) or only on the platform's commission/fee (Gross Gaming Receipt).
4) Whether the amendments introduced by the CGST (Amendment) Act, 2023 (recognising "online money gaming" and inserting Rules 31B and 31C) are clarificatory/retrospective or introduce a fresh levy prospectively.

Contentions of the Respondent

Senior Counsel for Gameskraft and the other gaming/fantasy-sports operators submitted that rummy and similar formats have been consistently recognised by courts, including in State of A.P. v. K. Satyanarayana and K.R. Lakshmanan v. State of Tamil Nadu, as games predominantly involving skill, and that the "preponderance of skill" test laid down in RMDC-I and RMDC-II excludes such games from the ambit of "betting and gambling," which is confined to games of chance. The mere presence of stakes does not convert a skill-based game into gambling; operators such as Gameskraft function only as intermediary platform providers with no stake in the outcome.

It was further submitted that prior to 2017, and under GST until 2022, the Department itself levied tax only on the commission/platform fee, and the shift to taxing the full stake value was a revenue-driven reinterpretation rather than a change in law. Reliance was placed on the Quistclose trust doctrine to contend that stake and prize-pool amounts held in escrow-like accounts constitute deposits, not consideration, and that winnings/prize pools ought to be excluded from taxable value. It was also contended that Rule 31A(3) lacked the mandatory prior notification under Section 15(5) and was ultra vires Sections 2(31), 7, 9 and 15 of the CGST Act, and that the 2023 amendments, by expressly carving out "online money gaming" for the first time, demonstrated that such transactions were not taxable as betting and gambling under the pre-amendment regime.

Court's Observations

The Court held that every game, whether of skill or chance, involves an outcome that is uncertain at the commencement of play, and the determinative factor of "betting and gambling" is the staking of money or money's worth upon such an uncertain outcome — not the nature of the underlying game. Applying the principles laid down in the connected judgment in State of Tamil Nadu v. Junglee Games India Pvt. Ltd., the Court held that "betting" and "gambling" are composite, interchangeable expressions, and the distinction between games of skill and games of chance becomes relevant only where a statute expressly protects games of skill from penal consequences — such protection does not remove the activity from the ambit of GST. Accordingly, online gaming, fantasy sports and analogous formats involving pooled stakes give rise to actionable-claim supplies exigible to GST.

The Court further held that actionable claims are validly included within "goods" under Section 2(52), and the levy under Section 9(1) is traceable to Article 246A and does not violate Articles 14, 19(1)(g), 21 or 265 of the Constitution. The concept of "supply" under Section 7 was held to extend beyond transfer of pre-existing actionable claims to include their creation within an organised betting/ gambling framework; gaming platforms were held to be suppliers, not mere intermediaries, since players lose control over deposited funds and have no enforceable claim until they win. The entire stake amount was held to constitute "consideration" under Section 2(31), with no statutory basis to deduct winnings or prize pools while computing taxable value.

Rule 31A was upheld as intra vires and traceable to Sections 15(4), 164 and GST Council recommendations, prescribing 100% of face value of the bet as the valid measure of valuation, applicable to betting and gambling generally (not merely horse racing). The 2023 amendments (recognising "online money gaming," amending Entry 6 of Schedule III, and inserting Rules 31B and 31C) were held to be clarificatory and explanatory, and therefore retrospective in operation, rather than creating a fresh levy for the first time. For casino transactions, resort to best-judgment valuation under Rule 31 in the absence of reliable records was upheld as permissible, though actual computation must now align with Rule 31C.

Order

The Supreme Court allowed the Revenue's appeals (Civil Appeal Nos. 8241–8244 of 2026), set aside the Karnataka High Court's judgment dated 11.05.2023, and restored the show cause notices dated 23.09.2022 issued to Gameskraft, granting the assessees liberty to file replies and raise all factual/legal defences before the adjudicating authority. The constitutional and statutory challenges raised in the connected writ petitions and transferred cases were rejected, and those petitions were dismissed subject to the Court's directions. The Criminal Appeal (State of Maharashtra v. Gurdeep Singh Sachar) was allowed to the extent that the Bombay High Court's 2019 finding — that the transactions did not constitute betting/gambling — was set aside.

Time for filing replies to show cause notices was fixed at eight weeks, and for filing appeals against assessment orders at twelve weeks, from receipt of the judgment; adjudicating/appellate authorities were directed to dispose of such matters within twelve weeks thereafter, applying the findings of this judgment (including the retrospective application of Rules 31B and 31C). All interim orders in connected matters stood vacated, with no order as to costs.

2. Denial of Input Tax Credit to a Bona Fide Purchasing Dealer Solely on Account of Selling Dealer's Failure to Deposit Tax is Unjustified; Departmental Remedy Lies Against the Defaulting Supplier *[Metal Syndicate Vs. Union of India – High Court of Gauhati – W.P.(C) No. 2960 of 2026 – decided on 05-06-2026]*

Background

The petitioner, M/s Metal Syndicate, a Silchar-based proprietorship engaged in the scrap battery trade, purchased goods from registered Kolkata suppliers during 2017-18 and 2018-19, paying the value along with GST through banking channels against proper tax invoices. Returns in GSTR-1 and GSTR-3B were duly filed, and ITC for May 2018 to March 2019 was availed in accordance with Section 16(2) of the CGST Act, 2017.

The DGGI, Guwahati, alleged ineligible ITC on invoices without actual receipt of goods and issued summons; the petitioner submitted all relevant records, and a subsequent search on 09.07.2019 yielded no incriminating material, with the petitioner's statement affirming genuine receipt of goods and payment. Nonetheless, a Show Cause Notice dated 28.07.2022 alleged wrongful availment of ITC of Rs. 78,70,952/-, and the petitioner further contended it was denied an effective hearing.

The Assistant Commissioner, CGST & Central Excise, Silchar, confirmed the demand of Rs. 78,70,952/- (IGST Rs. 47,12,010/-, CGST Rs. 15,52,967/-, SGST Rs. 16,05,975/-) with interest and equal penalty vide Order-in-Original dated 19.02.2024, and the petitioner's appeal was rejected by the Additional Commissioner (Appeals) on 14.02.2025. Aggrieved, the petitioner approached the High Court of Gauhati by way of writ petition.

Issue Involved

Whether Input Tax Credit can be denied to a bona fide purchasing dealer, who has transacted with a registered supplier, paid the value of goods along with GST through banking channels, and complied with the statutory conditions under Section 16(2) of the CGST Act, solely on the ground that the selling dealer failed to deposit the collected tax with the Government.

Contentions of the Respondent

The learned Standing Counsel, CGST, appearing for the respondents, fairly submitted that the issue raised in the present proceeding was squarely covered by the Division Bench judgment of the same High Court in National Plasto Moulding v. State of Assam, which, relying on the Delhi High Court's decision in On Quest Merchandising India (P.) Ltd. v. Government of NCT of Delhi, had held that a bona fide purchasing dealer cannot be denied ITC merely because the selling dealer failed to deposit the tax collected from the purchaser. The Standing Counsel accordingly submitted that the writ petition could be disposed of on the same terms, while reserving liberty for the respondent authorities to take action in cases where the purchase transactions were found not to be bona fide.

Court's Observations

The Court noted that both parties were in agreement that the controversy was squarely covered by the Division Bench decision in National Plasto Moulding (supra), which had examined an identical issue and, following the Delhi High Court's ruling in On Quest Merchandising India (P.) Ltd. (supra), held that the expression "dealer or class of dealers" in the analogous provision must be "read down" so as to exclude a purchasing dealer who has bona fide transacted with a validly registered selling dealer holding a proper tax invoice, with no mismatch in the relevant returns. The Court reiterated that a purchasing dealer cannot be expected to do the impossible — namely, to ensure that the selling dealer actually deposits the tax collected from him — and that a provision imposing such a disproportionate burden on a bona fide purchaser would be vulnerable to invalidation under Article 14 of the Constitution.

The Court further noted that the Special Leave Petition against the National Plasto Moulding line of reasoning (as applied by the Delhi High Court) had been dismissed by the Supreme Court, with liberty reserved to the Revenue to move afresh only in specific cases where purchase transactions were shown not to be bona fide. Applying this settled position, the Court held that where a purchasing dealer has entered into transactions bona fide with a registered supplier and has complied with the statutory requirements under Section 16(2) of the CGST Act, denial of ITC solely on account of the supplier's failure to deposit tax is unjustified. The remedy of the Department in such circumstances lies against the defaulting supplier and not against the bona fide purchaser, save where there exists material indicating collusion or lack of bona fides in the transaction.

Since both counsels were in consensus that the present case was fully covered by National Plasto Moulding (supra), the Court held that no further adjudication was required.

Order

The Gauhati High Court set aside and quashed the Order-in-Original No. 22/GST/AC/SIL/2023-24 dated 19.02.2024 and the Order-in-Appeal No. GAPPL/ADC/GSTP/2080/2024-APPEAL-O/OCOMMR-CGST-APPL-GUWAHATI dated 14.02.2025. It was, however, clarified that the respondent authorities would be at liberty to proceed in accordance with law in the event material emerged indicating that the transactions in question were not bona fide or were entered into in collusion with the suppliers, as observed by the Division Bench in National Plasto Moulding (supra). The writ petition was accordingly disposed of.

3. Amount Extracted During Search Proceedings via ITC Reversal and Cash Payment, in the Absence of Prior Self-Ascertainment, Show Cause Notice or Form GST DRC-04 Acknowledgment, cannot be Treated as "Voluntary Payment" under Section 74(5); Refund Directed, though Interest Declined as Premature Pending Investigation *[Baba Contractors and Engineers Vs. Union of India – High Court of Rajasthan at – D.B. Civil Writ Petition No. 21298 of 2025 – decided on 22-06-2026]*

Background

The petitioner, a Sirohi-based partnership firm, was subjected to search proceedings under Section 67(2) of the CGST Act on 11.07.2025 at its business and partners' residential premises, on intelligence of fraudulent ITC availment involving M/s Keshav Cement Agency. During the search, a partner's statement was recorded and records were seized; before the search concluded, the petitioner was made to deposit Rs. 2,35,23,506/- (ITC reversal plus cash) and file Form GST DRC-03 the same evening. By subsequent letters, the petitioner protested that the statement and deposit were made under pressure. No Form GST DRC-04 acknowledgment or show cause notice was ever issued. The petitioner filed this writ petition seeking refund with 12% interest, alleging coercive recovery contrary to CBIC Instruction No. 01/2022-23.

Issue Involved

1) Whether the deposit made through Form GST DRC-03 during search constituted a "voluntary payment" under Section 74(5) of the CGST Act, or was extracted under coercion.
2) Whether the petitioner was entitled to interest on the refunded amount pending completion of investigation.

Contentions of the Respondent

The respondents submitted that the petitioner's partner, when confronted with evidence of fraudulent ITC passed on by the supplier, admitted wrongful availment of Rs. 2,04,55,222/- and voluntarily deposited the amount (tax plus 15% penalty) under Section 74(5) read with Rule 142(2), with Column 8 of Form GST DRC-03 itself recording it as "voluntary payment... upon initiation of enquiry." Since the petitioner used its own portal credentials and bank accounts, the allegation of coercion was baseless. Absence of a show cause notice or DRC-04 did not render the payment involuntary — DRC-04 issuance was itself premature as the petitioner had not paid interest. CBIC Instruction No. 01/2022-23 did not bar voluntary payment during search, and the petitioner's later retraction was an afterthought to derail the investigation.

Court's Observations

Examining Section 74(5)–(7) and Rule 142 of the CGST Rules, the Court held the statutory scheme is meant for genuine pre-notice voluntary compliance, accompanied by a DRC-04 acknowledgment. Relying on Vallabh Textiles, Samyak Metals, Shree Ganesh Molasses Trading Co., Neeraj Paper Marketing Ltd. and J. Ramesh Chand — all holding that deposits made during search without DRC-04 or prior self-ascertainment cannot be presumed voluntary — and the Supreme Court's ruling in Radhika Agarwal v. Union of India (that Section 74(5) "does not postulate payment under force, coercion or threat of arrest," and CBIC Instructions are binding), the Court held voluntariness is a question of fact.

On facts, the Court found no show cause notice existed at the time of deposit; no material showed prior self-ascertainment by the petitioner; the deposit was made while records remained seized; Column 8 of DRC-03 itself confirmed payment followed initiation of enquiry, not preceded it; DRC-04 was never issued, and the respondents' own explanation (unpaid interest) undermined their claim of valid compliance; and safeguards under Bhumi Associate v. Union of India and CBIC Instruction No. 01/2022-23 — requiring voluntary payments only after search concludes and officers leave — were not shown to have been followed. The petitioner had also promptly disputed voluntariness. On this cumulative assessment, the deposit was held not voluntary, and its retention unsustainable.

The following aspects emerge in the present case:- (i) the payment was obtained during search proceedings, (ii) there was no prior ascertainment or determination of liability, (iii) the respondents have failed to establish any independent self-ascertainment by the petitioner, (iv) the petitioner subsequently disputed the voluntariness of the payment, and (v) the directions issued in Bhumi Associate (supra) by the Gujarat High Court as well as in CBIC InstructionNo.01/2022-23 were not adhered to.

On interest, since the investigation had not attained finality and no adjudication of liability was complete, the Court held it premature to determine entitlement to interest, as it remained uncertain whether any liability would ultimately be found or whether the deposit exceeded it.

Order

The High Court partly allowed the writ petition, directing refund of Rs. 2,35,23,506/- within eight weeks, while declining interest as premature pending final determination of liability. The order was clarified to not preclude further assessment or adjudication proceedings, with all contentions on the merits of the ITC allegations kept open.

4. Pre-Adjudication Garnishee Letters to Customers Directing Diversion of Payments Held Invalid – Recovery Permissible Only under Section 79(1)(c) after Crystallization of Liability via Order-in-Original

[Noordeen Enterprises Vs. Additional Director General Directorate of GST Intelligence, Chennai – High Court of Judicature at Madras - W.P. Nos. 6704 & 6705 of 2023 - decided on 03-06-2026]

Background

The petitioner, Noordeen Enterprises, sought a direction to the respondent to issue a “No Objection Certificate” in relation to receipt of payments from persons to whom the petitioner had supplied goods. The petitioner contended that the respondents had issued letters to its customers, who were liable to make payment to the petitioner for goods supplied, directing them to divert such payments towards alleged GST dues of the petitioner. One such customer, Sumangala Steel Private Limited, upon receipt of such a letter, remitted a sum of ₹15 lakhs directly to the GST authorities. The petitioner relied on an earlier decision in MNS Enterprises v. Additional Director General Directorate of GST Intelligence, W.P. No. 20067 of 2021, decided on 04.03.2022, wherein a similarly situated petitioner had challenged identical garnishee-type letters issued to its customers and the Court had expressly held that such recovery could not have been made either u/s 79 or Section 83 of the applicable GST enactments. Relying on this precedent, the petitioner contended that the respondents were liable to withdraw the letters issued to its customers forthwith. Meanwhile, orders-in-original imposing tax and related liabilities on the petitioner had been issued on 28.03.2023, which were the subject matter of separate writ petitions.

Issue Involved

Whether letters issued by GST authorities to customers of a taxpayer, directing diversion of amounts payable to the taxpayer towards alleged GST dues, are valid and sustainable when issued prior to the crystallization of tax liability through an order-in-original.

Contentions of the Respondent

1. The letter addressed to Sumangala Steel merely directed the customer to discharge, by payment into the Government GST account, amounts otherwise due and payable to the petitioner, pursuant to which ₹15 lakhs was remitted.
2. The petitioner in the earlier MNS Enterprises case had been granted leave to apply for refund under Section 54 of the GST enactments but had failed to avail of that remedy.
3. Copies of similar letters allegedly issued to other customers of the present petitioner had not been produced, and the petitioner claimed such copies were not available with it.

Court’s Observations

The Court examined the counter affidavit of the respondents, which confirmed that the communication addressed to Sumangala Steel by the DGGI Chennai Zonal Unit was issued at a stage when a tax proposal had been made but had not yet crystallized into a determined tax liability. The Court noted that in the earlier MNS Enterprises order dated 04.03.2022, it had been categorically held that neither Section 79(1)(c) nor Section 83 of the GST enactments could be invoked for recovery at the pre-adjudication stage, and the petitioner therein had accordingly been granted liberty to seek refund under Section 54 — a course of action that petitioner did not pursue. Applying the same reasoning to the facts of the present case, the Court held that any letters issued to customers of the petitioner prior to the issuance of an order-in-original determining tax liability were without legal basis and could not be relied upon for further recovery action, since the statutory mechanism u/s 79(1)(c) is contingent upon a crystallized liability.

Order

The Madras High Court disposed of the writ petitions holding: (i) any letters issued by the respondents to customers of the petitioner, prior to issuance of the order-in-original determining the petitioner’s tax liability, are invalid and cannot form the basis for further action; (ii) this finding is without prejudice to the respondents’ right to initiate appropriate recovery action, including recourse to Section 79(1)(c) of the applicable GST enactments, pursuant to the orders-in-original already issued; and (iii) there shall be no order as to costs.

5. Restoration of GST Registration Permissible upon Compliance with Proviso to Rule 22(4) despite Dismissal of Appeal – Coordinate Bench Ruling Followed *[Bhushan Chandra Deka Vs. Union of India – High Court of Gauhati - W.P.(C) No. 2730 of 2026 - decided on 01-06-2026]*

Background

The petitioner, Bhushan Chandra Deka, proprietor of M/s Rainbow Enterprise engaged in execution of works contract services, was registered under the CGST Act, 2017 and the Assam GST Act, 2017. On account of non-filing of GST returns for a continuous period of six months, the petitioner was served a Show Cause Notice dated 14.05.2024, calling upon him to reply within 30 days and appear on 11.06.2024, failing which the matter would be decided ex-parte. The GST registration was simultaneously suspended with effect from 14.05.2024. Since no reply was submitted, the registration was cancelled by order dated 05.08.2024. The petitioner's counsel submitted that the returns could not be filed due to burn injuries sustained by the petitioner in an LPG cylinder blast at his residence. An appeal against the cancellation was subsequently dismissed by the Additional Commissioner (Appeals), CGST, vide order dated 10.04.2026, and the statutory time limit for filing a revocation application had also lapsed by then. The petitioner, having since updated his GST returns up to April–June 2024, approached the High Court under writ jurisdiction seeking restoration of registration.

Issue Involved

Whether a petitioner whose GST registration was cancelled under Section 29(2)(c) of the CGST Act for non-filing of returns for six months, and whose statutory appeal stood dismissed, is entitled to restoration of registration upon subsequent compliance with the proviso to Rule 22(4) of the CGST Rules, 2017.

Contentions of the Respondent

The learned counsel for CGST fairly conceded that the Dhirghat Hardware Stores judgment was rendered on similar facts and law and would cover the present case.

Court's Observations

The Court examined Rule 22 of the CGST Rules, 2017, governing the procedure for cancellation of registration, and specifically the proviso to sub-rule (4), which provides that where a person served with a show cause notice under Section 29(2)(c) furnishes all pending returns and makes full payment of tax dues along with applicable interest and late fee, the proper officer may drop the proceedings and pass an order in Form GST REG-20. The Court relied on its earlier ruling in Dhirghat Hardware Stores v. UOI, which held that cancellation of registration entails serious civil consequences, and that where the affected person complies with the proviso to Rule 22(4), the proper officer may consider dropping the proceedings and restoring the registration. Finding the facts and law in the present case squarely covered by the precedent, the Court held that the petitioner was entitled to similar relief.

Order

The Gauhati High Court disposed of the writ petition, directing that the petitioner shall approach the concerned authority within 60 days from the date of the order seeking restoration of GST registration. Upon the petitioner filing such application and complying with all requirements under the proviso to Rule 22(4) of the CGST Rules, 2017 (furnishing pending returns and paying arrears of tax, interest, penalty, and late fee), the concerned authority shall consider the application and take steps for restoration of registration as expeditiously as possible.

6. Services Rendered by Foreign Group Entity for Centralized Procurement Held Not "Intermediary Services" but "Import of Services" – Refund of IGST Paid under Reverse Charge Rejected *[Dow Chemical International Pvt. Ltd. Vs. Commissioner of State Tax, Mazgaon, Mumbai – GSTAT, Principal Bench, New Delhi - Appeal Nos. Apl 2 to 7 (PB) of 2026 - decided on 04-06-2026]*

Background

The appellant, M/s Dow Chemical International Private Limited, engaged in manufacturing and distribution of chemical components, entered into a Procurement Agreement dated 01.07.2021 with Dow Europe GmbH, Switzerland, a related entity functioning as the centralized procurement hub of the global Dow group. Under this agreement, Dow Europe undertook identification, selection and approval of foreign suppliers, negotiation of procurement terms, and facilitation of supplies to the appellant. For the period January 2022 to June 2022, the appellant initially paid IGST under the Reverse Charge Mechanism, treating the services as "import of services" under Section 2(11) of the IGST Act. Subsequently, taking the view that the services were "intermediary services" under Section 2(13) of the IGST Act with place of supply outside India under Section 13(8)(b), the appellant reversed the related ITC and filed refund applications aggregating over ₹13 crore across six tax periods. The Adjudicating Authority rejected the refund claims, and the First Appellate Authority (Joint Commissioner of State Tax, Appeals) confirmed the rejection vide order dated 07.08.2023, holding that the intermediary plea was an afterthought and that Dow Europe rendered services on its own account without authority to bind the appellant.

Issue Involved

Whether the services rendered by Dow Europe GmbH to the appellant qualified as "intermediary services" under Section 2(13) of the IGST Act (making the place of supply outside India under Section 13(8)(b)), or as "import of services" with place of supply in India, and consequently whether the appellant was entitled to refund of the IGST paid under reverse charge.

Contentions of the Respondent

Reliance was placed on Columbia Sportswear India Sourcing (P.) Ltd. v. Union of India, (2025) (Kar.), where the Karnataka High Court held that a similarly structured arrangement did not constitute intermediary services.

The exclusionary limb of Section 2(13) — excluding persons supplying services "on his own account" — was equally significant; Dow Europe independently rendered substantive procurement operations (strategy development, governance, supplier risk management, analytics, sourcing) on a principal-to-principal basis, not mere facilitation.

Clause 6(b) of the Procurement Agreement expressly provided that Dow Europe was not appointed as agent and had no authority to bind the appellant to any purchase obligations.

The arrangement was, in substance, a centralized procurement outsourcing arrangement, which the CBIC Circular itself excludes from the intermediary ambit.

Refund under Section 54 could not be invoked to revisit taxability merely due to a subsequent change in the appellant's own interpretation, after it had initially treated the transaction as import of services.

Tribunal's Observations

The Tribunal extensively analyzed Section 2(13) and Section 13(8)(b) of the IGST Act (the latter since omitted by the Finance Act, 2026 w.e.f. 30.03.2026), together with CBIC Circular No. 159/15/2021-GST, which lays down four cumulative prerequisites for intermediary status: (i) minimum three parties, (ii) two distinct supplies (main and ancillary), (iii) a facilitative/subsidiary role akin to an agent or broker, and (iv) exclusion of persons supplying services on their own account, including sub-contractors.

The Tribunal found that while the arrangement satisfied the "minimum three parties" test, it did not satisfy the "two distinct supplies" test, since Dow Europe, as the centralized procurement hub for the entire Dow Group, provided a core, substantive procurement service rather than a mere ancillary facilitation of a main supply between two independent principals. The Tribunal relied on the Delhi High Court ruling in Pr. Commissioner v. Blackberry India (P) Ltd. and the Karnataka High Court ruling in Columbia Sportswear India Sourcing (P.) Ltd., both holding that services rendered by an independent contractor without authority to bind the recipient, on a cost/fee basis rather than a pure agency commission, do not qualify as intermediary services. The Tribunal noted that Clause 6(b) of the Procurement Agreement, denying Dow Europe any authority to bind the appellant, reinforced that Dow Europe acted on its own account. It held that Advance Ruling Authority decisions relied upon by the appellant carry only persuasive value and are binding solely on the applicant concerned under Section 103(1)(a) of the CGST Act, whereas High Court rulings prevail in case of conflict, and that CBIC circulars, while binding on departmental officers, have no binding force on the Tribunal, being of persuasive value only (relying on K.P. Varghese v. ITO and Ellerman Lines Ltd. v. CIT).

Accordingly, the place of supply remained in India under the general rule, rendering the transaction an "import of services" taxable in India. On the refund issue, the Tribunal disagreed with the First Appellate Authority's characterization of the intermediary plea as a mere "afterthought," holding that Section 54 of the CGST Act and Rule 89 of the CGST Rules expressly permit refund claims for tax paid under mistake within prescribed timelines. However, since the services were held to be import of services with place of supply in India, and there was no export, the statutory conditions for refund were not satisfied, and no entitlement to refund arose.

Order

The GSTAT, Principal Bench, New Delhi held that the services provided by Dow Europe GmbH did not qualify as "intermediary services" under Section 2(13) of the IGST Act but constituted "import of services," with the place of supply remaining in India u/s 13(2), attracting IGST under reverse charge. Consequently, the appellant was held not entitled to refund of the IGST paid, as the essential requirement of export was absent. All appeals (Appeal Nos. Apl 2 to 7 (PB) of 2026) were dismissed, and the orders of the First Appellate Authority rejecting the refund claims were confirmed.

7. Bona Fide Purchasing Dealer Cannot Be Denied ITC Merely on Account of Selling Dealer's Failure to Deposit Tax – Orders Set Aside *[Narayan Enterprise Vs. Union of India – High Court of Gauhati - W.P.(C) No. 2933 of 2026 - decided on 04-06-2026]*

Background

The petitioner, proprietor of M/s Narayan Enterprise, engaged in trading of scrap/waste batteries, purchased goods from registered suppliers in Kolkata for the period May 2018 to March 2019 and paid the value of goods along with applicable GST to the sellers through proper banking channels supported by tax invoices. On allegations of availing ineligible ITC on invoices issued without actual receipt of goods, the DGGI, Guwahati Zonal Unit issued summons, and the petitioner appeared on 05.04.2019, submitting GSTR-1, GSTR-3B and purchase invoices. A subsequent search at the petitioner's business premises on 09.07.2019 yielded no incriminating material. Despite this, a Show Cause Notice dated 30.07.2022 was issued alleging wrongful availment of ITC amounting to ₹22,22,695/- in violation of Section 16(2)(a)/(b) of the CGST Act, without actual receipt of goods. The petitioner contended that no effective opportunity of hearing was granted and that notices were served manually beyond the hearing date without being uploaded on the GST portal. The Assistant Commissioner, CGST & Central Excise Division, Silchar, passed Order-in-Original dated 19.02.2024 confirming the demand of ₹22,22,695/- (IGST ₹22,14,393/-, CGST ₹4,151/-, SGST ₹4,151/-) along with interest under Section 50 and an equal penalty under Section 74(1) read with Section 122 of the CGST Act and Section 20 of the IGST Act. The appeal against this order was dismissed by the Joint Commissioner (Appeals), CGST, Guwahati, vide order dated 07.01.2025, prompting the writ petition.

Issue Involved

Whether denial of Input Tax Credit to a bona fide purchasing dealer, who has transacted with registered suppliers and complied with statutory conditions under Section 16(2) of the CGST Act, is justified solely on the ground that the selling dealer failed to deposit the tax collected, in the absence of any evidence of collusion or lack of bona fides.

Contentions of the Respondent

The learned Standing Counsel for GST fairly conceded that the issue was squarely covered by National Plasto Moulding (supra), which relied on the Delhi High Court ruling in On Quest Merchandising India (P.) Ltd. v. Government of NCT of Delhi, 2018 (10) G.S.T.L. 182 (Del.), holding that a bona fide purchasing dealer cannot be denied ITC merely because the selling dealer failed to deposit tax with the Government, and that the writ petition could be disposed of while granting liberty to the Department to proceed where transactions are found not to be bona fide.

Court's Observations

The Court examined the Division Bench ruling in National Plasto Moulding v. State of Assam, which had extensively relied on the Delhi High Court's decision in On Quest Merchandising India (P.) Ltd., interpreting provisions analogous to Sections 16(2)(c) and 16(2)(d) of the CGST/Assam GST Act. The Delhi High Court had held that the expression "dealer or class of dealers" must be read down so as to exclude a purchasing dealer who has bona fide entered into purchase transactions with a validly registered selling dealer issuing proper tax invoices with no mismatch in returns; failing this reading down, the provision would be violative of Article 14 of the Constitution, since it would impose an impossible burden on the purchasing dealer to ensure the selling dealer's compliance. Where the selling dealer fails to deposit tax collected, the Department's remedy lies in proceeding against the defaulting selling dealer, not in denying ITC to the purchasing dealer — except where collusion between the purchasing and selling dealer is demonstrated. The Court noted that the Special Leave Petition against the On Quest Merchandising judgment had been dismissed by the Supreme Court, with liberty granted only to remit specific cases involving non-bona fide transactions. Applying these principles, and noting the consensus between both counsel that the controversy was squarely covered by National Plasto Moulding, the Court held that since the petitioner had dealt with registered suppliers and complied with statutory conditions, and since no material indicating collusion or lack of bona fides was placed on record, denial of ITC solely on account of the supplier's default was unjustified.

Order

The Gauhati High Court set aside and quashed the Order-in-Original No. 23/GST/AC/SIL/2023-24 dated 19.02.2024 passed by the Assistant Commissioner, CGST & Central Excise Division, Silchar, and the Order-in-Appeal dated 07.01.2025 passed by the Joint Commissioner, CGST, Guwahati. The Court clarified that the respondent authorities would be at liberty to proceed in accordance with law in the event materials surface indicating that the transactions were not bona fide or were entered into in collusion with the suppliers, as observed in National Plasto Moulding (supra). The writ petition was accordingly disposed of.

Contributed by CA Shikha Maurya and CA Jaya Sharma

GST Compliance Schedule

Compliances for the month of July 2026

Forms	Compliance Particulars	Due Dates
GSTR 7	Return to be furnished by the registered persons who are required to deduct tax at source.	10.08.2026
GSTR 8	Return to be furnished by the registered electronic commerce operators who are required to collect tax at source on the net value of taxable supplies made through it.	10.08.2026
GSTR 1	Statement of outward supplies by the taxpayers having an aggregate turnover of more than Rs. 5 crore or the taxpayers who have opted for monthly return filing.	11.08.2026
GSTR 1A	Amendment of outward supplies of goods or services for the current tax period.	
IFF	Statement of outward supplies by the taxpayers having an aggregate turnover up to ₹ 5 crore and who have opted for the QRMP scheme.	13.08.2026
GSTR 5	Return to be furnished by the non-resident taxable persons containing details of outward supplies and inward supplies.	13.08.2026
GSTR 6	Return to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution.	13.08.2026
GSTR 3B	Return to be furnished by all the taxpayers other than who have opted for QRMP scheme comprising consolidated summary of outward and inward supplies.	20.08.2026
GSTR 5A	Return to be furnished by Online Information and Data base Access or Retrieval (OIDAR) services provider for providing services from a place outside India to non-taxable online recipient (as defined in Integrated Goods and Services Tax Act, 2017) and to registered persons in India and details of supplies of online money gaming by a person outside India to a person in India.	20.08.2026
PMT-06	Payment of GST for a taxpayer with aggregate turnover up to ₹ 5 crores during the previous year and who has opted for quarterly filing of return under QRMP scheme.	25.08.2026
GSTR-11	Statement of inward supplies by persons having Unique Identification Number (UIN)	28.08.2026

GSTN ADVISORIES

Advisory on e-Invoice API and e-Way Bill by IRN API changes for mandatory capture of Ship-to GSTIN and Voluntary Closure of e-Way Bill

1. Background

Reference is invited to the GSTN Advisory dated 20.05.2026 regarding enhancements in the e-Way Bill system, wherein it was informed that "Ship-to GSTIN" shall be mandatorily captured in Bill-to/Ship-to transactions. It was also informed that where the consignee is an unregistered person, the value "URP" shall be entered in the Ship-to GSTIN field.

Representations have been received from trade, ERP vendors, GSPs, ASPs, private IRPs and other stakeholders seeking clarification regarding applicability of the said requirement in cases where e-Way Bill is generated along with e-Invoice or by using IRN.

Representations have also been received regarding the Voluntary Closure of e-Way Bill facility and its impact on portal-based and API-based operations.

Accordingly, this advisory is being issued to inform stakeholders about the corresponding changes introduced in the e-Invoice API, e-Way Bill by IRN API and EWB Closure API.

2. Applicability

The changes shall apply to the following flows:

Sl. No.	Flow	Applicability
1	Generate IRN and e-Way Bill together	Applicable where e-Way Bill is generated along with IRN
2	Generate e-Way Bill using IRN	Applicable where e-Way Bill is generated subsequently using IRN
3	Bill-to/Ship-to transactions	Applicable where Ship-to details are provided and e-Way Bill generation is required
4	Combination transactions	Applicable where the transaction involves both Bill-to/Ship-to and Bill-from/Dispatch-from
5	Voluntary Closure of EWB	Applicable for closure of EWB after completion of delivery

3. Changes in Generate IRN and e-Way Bill Together

In the Generate IRN payload schema, where e-Way Bill generation is also required, the field ShipDtls.Gstin shall be made conditionally mandatory, wherever Ship-to detailsare provided.

Accordingly, where Ship-to Legal Name and Ship-to Address are provided in the e-Invoice schema and e-Way Bill generation is required, Ship-to GSTIN shall also be required to be provided.

Where GSTIN is not available, the value "URP" may be entered, wherever applicable.

4. Changes in e-Way Bill by IRN API

In the API used to generate an e-Way Bill through IRN, a new field named "Gstin" has been added under "ExpShipDtls".

This field shall be mandatory.

Accordingly, taxpayers and system integrators using IRN-based e-Way Bill generation shall make necessary changes in their systems to transmit Ship-to GSTIN or "URP", as applicable.

A field "TrdNm" for the Trade Name has been added, however it is optional.

5. Validation of Ship-to GSTIN

Where GSTIN is entered in the Ship-to GSTIN field, suitable validations shall be applied to ensure that only a valid GSTIN is accepted.

Further, in Bill-to/Ship-to transactions, the GSTIN entered in the Ship-to GSTIN field should not be the same as the GSTIN entered in the Bill-to field. The Bill-to party and Ship-to party are expected to be distinct persons in such transactions.

Accordingly, the same GSTIN as mentioned in Bill-to should not be entered in the Ship-to GSTIN field.

The system treatment shall be as follows:

Situation	System Treatment
Valid Ship-to GSTIN entered and different from Bill-to GSTIN	Accepted, subject to validation
Invalid Ship-to GSTIN entered	Rejected by system validation
Same GSTIN entered in Bill-to and Ship-to fields	Not permitted in Bill-to/ Ship-to transactions
Ship-to GSTIN not available	"URP" may be entered, wherever applicable

6. Use of URP

Where Ship-to GSTIN is not available, the value "URP" may be entered in the Ship-to GSTIN field, wherever applicable.

This may include cases where the Ship-to party is unregistered or where GSTIN is not applicable as per the transaction scenario.

7. Indicative Error Codes / Validations

The following validations have been introduced in the Sandbox environment:

A. Generate IRN and e-Way Bill Together

Sl. No.	Validation	Error Code
1	Ship-to GSTIN is mandatory if Ship details are provided	5002
2	Bill-to GSTIN and Ship-to GSTIN should not be the same where Ship details are provided	2323
3	Ship-to State Code should match with GSTIN State Code	2325
4	Ship-to PIN Code should belong to Ship-to State Code	3039

B.e-Way Bill by IRNSl. No. Validation Error Code

Sl. No.	Validation	Error Code
1	GSTIN field in ExpShipDtls is mandatory	5001
2	For B2B and SEZ transactions, Ship details provided during IRN generation cannot be replaced	2324
3	Ship-to State Code should match with GSTIN State Code	4074
4	Ship-to PIN Code should belong to Ship-to State Code	3039

8. Treatment in Export e-Way Bills

For Export e-Way Bills, Ship details, including GSTIN, provided during IRN generation may be replaced while generating e-Way Bill using IRN.

In export-related scenarios where no domestic registered Ship-to GSTIN is applicable, "URP" may be entered in the Ship-to GSTIN field, wherever applicable.

9. Treatment in B2B and SEZ Transactions

For B2B and SEZ transactions, Ship details provided during IRN generation cannot be replaced while generating e-Way Bill using IRN.

However, where GSTIN was not provided during IRN generation, it may be provided during e-Way Bill by IRN, subject to applicable validations.

For old IRNs which were generated with same GSTIN as Bill-To & Ship-To, E Way Bill by IRN API will generate a regular E Way Bill.

10. Voluntary Closure of e-Way Bill

A Voluntary Closure facility has been introduced in the e-Way Bill system to enable closure of an e-Way Bill after completion of delivery of goods.

The facility is voluntary in nature and may be used by:

Sl. No.	Person who may close EWB
1	Supplier
2	Recipient
3	Transporter involved in the transaction
4	Driver or authorised person whose mobile number has been provided for closure

Closure may be performed EWB-wise or date-wise. The facility is intended to provide a system record of completion of goods movement.

11. Closure through Portal

For suppliers, recipients and transporters, the EWB closure option shall be available after login under the e-Way Bill section of the portal.

Mobile number-based closure by driver or authorised person shall be available through the portal. Active EWBs linked to the concerned mobile number shall be displayed, enabling closure by the driver or authorised person after completion of delivery.

The mobile number may be provided at the time of EWB generation for closure purposes. If required, the mobile number may also be updated during vehicle updation, consolidated EWB operations, or extension of validity.

12. Impact on EWB API for Voluntary Closure

An API has been provided for closure of EWB by system integrators and API users.

For closure through API, the following details are required to be transmitted:

Sl. No.	Detail required
1	E-Way Bill number
2	Closure date
3	Remarks

Stakeholders using ERP/API integration are advised to make necessary system changes to enable EWB closure through API, wherever required.

13. Mobile Number Capture through API

At present, there is no provision in the APIs to capture or specify the mobile number for closure by driver or authorised person.

As per the current implementation, closure by driver or authorised person whose mobile number has been provided can be carried out through the portal.

Any further API-level provision for capture of mobile number may be examined based on system requirements and stakeholder feedback.

14. Retrieval of Closed EWBs through API

At present, no separate API has been introduced to retrieve EWBs that have been marked as closed, including date-wise retrieval of closed EWBs.

Such functionality may be considered in future after the closure module is stabilised and based on operational requirements emerging from field usage.

15. Status of Closed EWB and Post-closure Actions

A separate status of "Closed" is proposed to be introduced in due course.

However, during the initial stabilisation period, the existing EWB status framework of Active, Cancelled and Discarded is being continued so that trade and system users are not adversely impacted during the transition phase.

As of now, user actions such as Update Transporter, Extend Validity, Vehicle Updation and other permitted modifications will continue to remain available even after the EWB has been marked as closed.

This relaxation is being provided for the benefit of users during the initial stabilisation period. Once the system is stabilised, necessary restrictions will be introduced and post-closure actions will be suitably curtailed.

16. Sandbox Availability

The changes relating to e-Invoice API, e-Way Bill by IRN API and EWB Closure API have been released in the Sandbox environment.

Taxpayers, ERP vendors, GSPs, ASPs, private IRPs and other system integrators are advised to undertake testing in the Sandbox environment and complete necessary changes in their systems before the Production implementation date.

17. Implementation Date

The changes shall be implemented in Production with effect from 1st August, 2026.

18. Action Required by Stakeholders

All taxpayers, ERP vendors, GSPs, ASPs, private IRPs and other system integrators are advised to access the revised API specifications released in the Sandbox environment; and undertake testing and to ensure complete system readiness before 1st August, 2026.

19. Summary of Changes

Area	Change Introduced
Generate IRN and e-Way Bill together	ShipDtls.Gstin made conditionally mandatory where Ship details are provided and EWB is required
e-Way Bill by IRN	Gstin field added under ExpShipDtls and made mandatory. Optional field TrdNm is added
URP	Allowed where Ship-to GSTIN is not available, wherever applicable
Validations	Valid GSTIN, distinct Bill-to and Ship-to GSTIN, State Code and PIN Code validations
Export EWB	Ship details may be replaced in Export EWB by IRN cases
B2B / SEZ	Ship details provided during IRN generation cannot be replaced
Voluntary Closure of EWB	Facility introduced for closure after delivery
EWB Closure API	Available using EWB number, closure date and remarks
Mobile number capture through API	Not available currently
API for retrieval of closed EWBs	Not available currently
Separate Closed status	Proposed to be introduced in due course
Post-closure actions	Currently allowed during initial stabilisation period
Sandbox	Changes released
Production implementation	1st August, 2026

20. Further Guidance

Stakeholders are requested to complete testing and system preparedness based on the revised Sandbox specifications. Any implementation-related issues may be routed.

QUIZ

1. **A charitable trust (registered under The Income Tax Act) operating in Delhi receives the following amounts during a financial year:**
   - **Rs. 9 lakhs from fees for paid yoga and skill-development workshops (taxable supply)**
   - **Rs. 12 lakhs as voluntary donations from the public (no goods/services supplied in return)**
   - **Rs. 7 lakhs from renting out its community hall for private functions (taxable supply)**
   - **Rs. 5 lakhs from charitable healthcare services covered under an exemption notification**

   What is the trust's "aggregate turnover" under Section 2(6) of the CGST Act, and is it liable for GST registration?

   A. Rs. 33 lakhs; liable for registration, since all four receipts form part of aggregate turnover
   B. Rs. 21 lakhs; liable for registration, since aggregate turnover exceeds the Rs. 20 lakh threshold for services
   C. Rs. 16 lakhs; not liable for registration, since donations and exempt supplies are excluded from aggregate turnover
   D. Rs. 28 lakhs; liable for registration, since only donations are excluded but exempt supplies are included in aggregate turnover

2. **Sphere Cloud Inc., a company located in Singapore, provides cloud-based online gaming and e-book subscription services (OIDAR services) to customers in India. Examine the following two recipients of these services:**
   - **Recipient 1: An individual customer in Mumbai using the service for personal, non-business purposes (not registered under GST)**
   - **Recipient 2: A registered company in Bengaluru using the service for its business operations**

   Who is liable to pay GST on the OIDAR services supplied to Recipient 1 and Recipient 2 respectively?

   A. Recipient 1 and Recipient 2: GST is payable by Sphere Cloud Inc. under forward charge in both cases
   B. Recipient 1: GST payable by Sphere Cloud Inc.; Recipient 2: GST payable by the Bengaluru company under reverse charge
   C. Recipient 1: No GST payable, since the recipient is an individual; Recipient 2: GST payable by Sphere Cloud Inc. under forward charge
   D. None of the above

3. **Mr. X, the owner of a parcel of land, transfers Development Rights (TDR) on 20th April 2020 to DLH Ltd. for construction of a residential real estate project intended for sale. The promoter undertakes construction of residential apartments with the intention to sell them prior to completion.**

   On 31st December 2025, being the date of issuance of the completion certificate / first occupation of the project, certain residential apartments remain unbooked.

   With reference to the provisions of the GST law, which of the following statements correctly explains the GST implication in this case?

   A. Transfer of Development Rights (TDR) for construction of residential apartments is exempt under GST
   B. GST is payable by the DLH Ltd. under reverse charge on the entire value of TDR at the time the development rights are transferred
   C. GST is payable by Mr. X on the value of TDR attributable to unbooked residential apartments, on the date of completion certificate or first occupation, whichever is earlier
   D. GST is payable by DLH Ltd. under reverse charge on the value of TDR attributable to unbooked residential apartments, on the date of completion certificate or first occupation, whichever is earlier

4. **ABC Ltd., a registered manufacturer, purchases specialised moulds and tools and sends them to a job worker for use in the manufacture of components. The moulds and tools are retained permanently by the job worker and are not returned to ABC Ltd., even after completion of the job work.**

   With reference to the provisions of the CGST Act, 2017, which of the following statements is correct?

   A. Moulds, dies, jigs, fixtures and tools sent to a job worker must be returned within three years from the date of being sent out, failing which GST becomes payable by the principal.
   B. Moulds, dies, jigs, fixtures, and tools sent to a job worker are not subject to any time limit for return, and their non-return does not constitute a deemed supply.
   C. Moulds, dies, jigs, fixtures and tools sent to a job worker must be returned within one year from the date of being sent out, failing which their non-return shall be treated as a deemed supply.
   D. Moulds, dies, jigs, fixtures and tools sent to a job worker are considered as a supply made to the job worker on the date they are sent out, and ABC Ltd. is required to pay applicable GST along with interest.

5. **Mr. Murthy, a registered supplier, provides software services to clients in the USA and has opted for the refund mechanism under GST (Export without payment of tax). The details of his transactions are as follows:**

   FY 2022-23: He exported services amounting to $2,000. Out of this, a payment of $800 was realized in February 2024.

   FY 2023-24: He exported services amounting to $1,000. The invoice was raised in March 2024, and the payment of $600 was realized in March 2024.

   What shall be the value of the "Turnover of Zero-rated Supply of Services" considered for calculating the eligible refund for the relevant period of FY 2023-24?

   A. $800
   B. $1,400
   C. $600
   D. $3,000

6. **Shree Mahadev Charitable Trust, a registered charitable trust, manages a temple complex open to the general public. The trust earns income from the following activities within the temple precincts:**
   - **Renting pilgrim accommodation rooms at Rs. 900 per day**
   - **Renting a community hall for a private wedding reception at Rs. 18,000 per day**
   - **Renting a small shop selling religious items at Rs. 8,000 per month**

   Which of the following correctly identifies the GST treatment of these three transactions as per the Notification No. 12/2017-Central Tax (Rate)?

   A. All three transactions are exempt, since the entire temple complex is owned and managed by a registered charitable trust
   B. Room rental and shop rental are exempt, since they fall within the prescribed thresholds; the community hall rental is taxable, as it exceeds Rs. 10,000 per day
   C. Only the room rental is exempt; both the community hall and shop rentals are taxable, since commercial activity within religious premises is always taxable

D. All three transactions are taxable, since renting out any part of a religious place for consideration amounts to a commercial activity outside the scope of the exemption

7. Under the provisions of the CGST Act, 2017, the burden of proof lies on the taxable person in which of the following cases?
- A. Dispute over taxability of turnover alleged by the department
- B. Eligibility of ITC claimed by the taxpayer
- C. Classification of goods for tax rate during departmental audit
- D. Nature of supply disputed by the department

8. Radhe is registered under GST in India as a Non-Resident Taxable Person (NRTP). He receives various goods and services in India for the purpose of his business, including imported goods on which applicable customs duties and IGST are paid.
Considering the provisions of the CGST Act, 2017, which of the following statements is correct regarding his entitlement to Input Tax Credit (ITC)?
- A. Radhe can avail ITC on goods and services received in India, including import of goods, subject to the conditions of section 16 of the CGST Act ,2017
- B. Radhe can avail ITC only on import of goods, and not on other goods or services received in India
- C. Radhe can avail ITC on all goods and services received in India, except import of goods, which is restricted under Section 17(5) of the CGST Act, 2017
- D. Radhe is not entitled to avail any ITC under GST

9. Which of the following is a non-appealable order under the CGST Act?
- A. Order determining tax liability under Section 73 of the CGST Act
- B. An order passed by the Commissioner allowing payment of tax dues in monthly instalments under Section 80 of the CGST Act.
- C. Order cancelling GST registration
- D. Order imposing penalty for delayed filing of returns

10. A registered NGO based in Hyderabad organizes the following two skill-development workshops:
- **Workshop 1: Conducted in Pune for an unregistered individual participant who travels from Hyderabad to attend**
- **Workshop 2: Conducted in Jaipur, where the participant is a company registered under GST in Hyderabad**

Under Section 12(5) of the IGST Act, what is the Place of Supply (POS) for these two training/workshop services?
- A. Workshop 1: Hyderabad (location of recipient); Workshop 2: Jaipur (location of performance)
- B. Workshop 1: Pune (location of performance); Workshop 2: Hyderabad (location of registered recipient)
- C. Workshop 1: Pune (location of performance); Workshop 2: Jaipur (location of performance)
- D. Workshop 1: Hyderabad (location of recipient); Workshop 2: Hyderabad (location of registered recipient)

The names of first five members who were the top scorers in the last Quiz are as under:

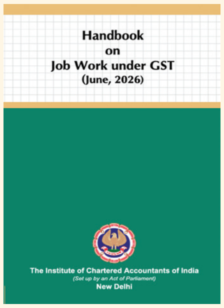
Name	Membership No.
CA Aditya Dhanuka	305212
CA Vikram D Kini	245456
CA Ritesh P Rangani	154253
CA Rakesh Saini	445572
CA Nandan Heda	645287

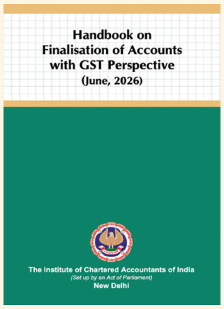
Please provide reply of the above MCQs in the link given below. ***Top five scorers will be awarded hard copy of the publication 'GST Act(s) and Rule(s)- Bare Law' & their names will be published in the next edition of the Newsletter.***
Link to reply: - ***https://forms.gle/45PuUC1kJBPjYBWm8***

PUBLICATIONS

Handbook on Job Work under GST

GST & Indirect Taxes Committee has revised its publication, "Handbook on Job Work under GST" (updated up to 31.05.2026), incorporating the latest amendments and developments and presenting the subject in a clear, concise, and user-friendly manner for the benefit of members, taxpayers and stakeholders.





Hanbook on Finalisation of Accounts with GST Perspective

GST & Indirect Taxes Committee has revised its publication "Handbook on Finalisation of Accounts with GST Perspective" (updated up to 31.05.2026), to provide comprehensive guidance on the key GST-related considerations that should be addressed while finalising accounts.

"Stay instantly connected with the latest in GST and other indirect taxes through the Official WhatsApp Channel and X (formerly Twitter) handle of the GST & Indirect Taxes Committee of the Institute of Chartered Accountants of India. Scan the QR Code or click https://www.whatsapp.com/ channel/0029VbC5pZYATRSrKi8c4s0r to join the WhatsApp Channel and follow us on X (formerly Twitter) at https://x.com/ gstidtcicai for timely updates and insights."

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