iCMA

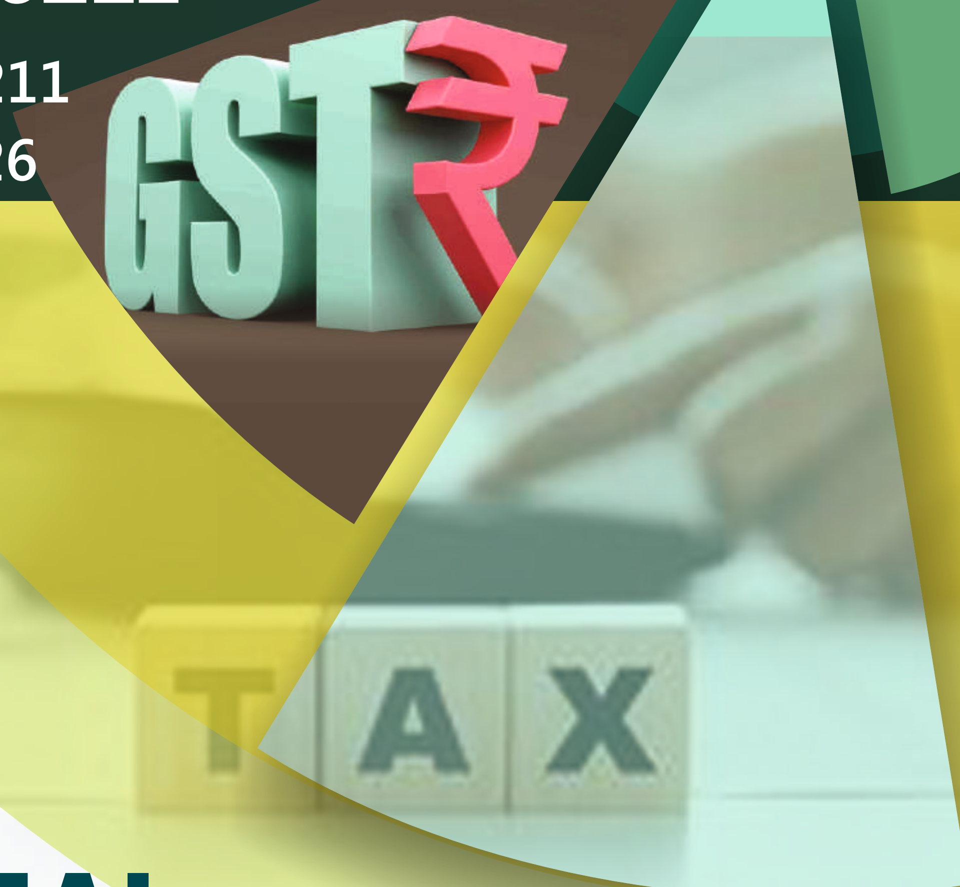
July, 2026

TAX Bulletin

Volume - 211

02.07.2026

GST Special Edition PART I



ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament

(Under the Jurisdiction of Ministry of Corporate Affairs)

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492

VISION STATEMENT

“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

MISSION STATEMENT

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

Objectives of Taxation Committees:

1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.

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2. Advanced Certificate Course on GST (ACCGST)
3. Advanced Certificate Course on GST Audit and Assessment Procedure (ACGAA)
4. Certificate Course on TDS (CCTDS)
5. Certificate Course on Filing of Returns (CCFOF)
6. Advanced Course on Income Tax Assessment and Appeals (ACIAA)
7. Certificate Course on International Trade (CCIT)

Admission Link - ***https://eicmai.in/advscc/DelegatesApplicationForm-new.aspx***

Modalities

Description	Course Name						
	CCGST	ACCGST	ACGAA	CCTDS	CCFOF	ACIAA	CCIT
Hours	72	40	30	30	30	30	50
Mode of Class	Offline/ Online	Online					
Course Fee* (₹)	10,000	14,000	12,000	10,000	10,000	12,000	10,000
Exam Fee* (₹)	1,000 per attempt						
Discounts	20% Discount for CMA Members, CMA Qualified and CMA Final Pursuing Students						

***18% GST is applicable on both Course fee and Exam fee**

Eligibility Criteria for Admission

- Members of the Institute of Cost Accountants of India
- Other Professionals (CA, CS, MBA, M.Com, Lawyers)
- Executives from Industries and Tax Practitioners
- Students including CMA Qualified and CMA Pursuing

On passing the examination with 50% marks a Certificate would be awarded to the participant with the signature of the President of the Institute

Course Details

https://icmai.in/TaxationPortal/OnlineCourses/index.php

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Eligibility

- B.Com/ BBA pursuing or completed
- M.Com/ MBA pursuing or completed

Modalities

Description	Courses for Colleges and Universities	
	GST Course	Income Tax
Batch Size	Minimum 50 Students per Batch per course	
Course Fee* (₹)	1,000	1,500
Exam Fee* (₹)	200	500
Duration (Hrs)	32	32

For enquiry about courses, mail at: ***trd@icmai.in***

**18% GST is applicable on both Course fee and Exam fee*

Behind every successful business decision, there is always a CMA

Chairman's Message

CMA Rajendra Singh Bhati
Chairman Direct Taxation Committee

The Direct Taxation Committee of The Institute of Cost Accountants of India remains committed to equipping members with timely updates on legislative developments and providing a platform for continuous professional learning. Through technical programmes, knowledge-sharing initiatives, and dissemination of significant regulatory developments, the Committee strives to enhance the professional competence of the members.

The most important activity that has been undertaken in this fortnight has been the conduct of the physical seminar themed, "नवदृष्टि – নবদৃষ্টি- Navigating the Income Tax Act, 2025". Shri Jasdeep Singh, IRS, Chief Commissioner of Income Tax (TDS), Kolkata graced the occasion as the Chief Guest along with Shri Amitava Sen, IRS, Addl. Commission, Vigilence, Income Tax Dept., Kolkata as the Guest of Honour. The seminar contained three Technical sessions with discussions on areas like, Overview of Income Tax Act, 2025, Income Tax Forms & Rules, 2026, Modern outlook on TDS & TCS provisions under the framework of the - Income Tax Act,2025 and Applicability Income Tax on NPOs. The sessions was highly successful with enriching interactions and wide participation of members and industry representatives.

As part of the ongoing Income Tax Series 2025, a series of insightful webinars were conducted to deliberate upon key provisions under the evolving Income-tax framework.

The first webinar was held on 16th June 2026 (Tuesday), on the topic "Strategic Considerations Before the Appellate Authority Prior to Writ Jurisdiction." The session was delivered by CMA (Dr.) Gopal Krishna Raju, Tax Advisor, who shared valuable insights into appellate remedies, litigation strategy, and the legal considerations involved before invoking writ jurisdiction under the new tax regime.

The second webinar was conducted on 23rd June 2026 (Tuesday), on the topic "Exemptions under the Income Tax Act, 2025." The session was addressed by Shri Vikash Mundhra, Tax Advisor, who provided a comprehensive overview of the exemption provisions under the new Act, explaining their applicability, interpretation, and practical implications for taxpayers and professionals.

CMA Rajendra Singh Bhati
Chairman – Direct Taxation Committee
The Institute of Cost Accountants of India
02.07.2026

Chairman's Message

CMA Dr. Ashish P. Thatte
Chairman Indirect Taxation Committee

The Indirect Taxation Committee of The Institute of Cost Accountants of India continues to remain steadfast in its commitment to empowering members with timely knowledge, practical insights, and updates on the dynamic indirect tax landscape. Through continuous professional development initiatives and dissemination of important legislative developments, the Committee endeavours to strengthen the professional capabilities of Cost Accountants and other stakeholders.

A significant development during the month was the Government's extension of the last date for filing appeals before the Goods and Services Tax Appellate Tribunal (GSTAT) to 31st July 2026. This extension, granted in response to representations from stakeholders regarding technical difficulties arising from the unprecedented volume of appeals filed on the GSTAT portal, provides taxpayers with additional time to comply while reinforcing the importance of timely litigation management. Taxpayers are advised to utilize this extended timeline judiciously and avoid last-minute filings.

The Government has also introduced important amendments under the Customs and Central Excise laws. The validity period under specified Customs exemption notifications has been extended until 15th July 2026, providing additional time for eligible stakeholders to avail the prescribed benefits.

In furtherance of our objective of promoting continuous professional education, the Tax Research Department successfully organized a webinar under the "KAR Kranti (कर क्रांति) Series" on 24th June 2026, on the topic "The Tax (GST) on Transfer of Development Rights." The session was delivered by CMA Vishwanath Bhat, Practising Cost Accountant, who provided a comprehensive analysis of the GST implications on the transfer of development rights, judicial developments, valuation issues, and practical challenges encountered by professionals in the real estate sector. The session witnessed enthusiastic participation and generated valuable discussions on one of the most significant and evolving areas under GST.

Continuing the observance of GST Day for the 9th year, the Tax Research Department organized a special webinar on 1st July 2026, on the theme "GST @ 10." The programme was graced by CMA Pradeep Kumar Chand, Director (Finance) & Chief Financial Officer, Cement Corporation of India Limited, as the Chief Guest, while the technical deliberations were led by CMA Rohit Kumar Singh, CMA Anil Sharma, and CMA B. M. Gupta. The webinar reflected upon the decade-long journey of GST, highlighting its transformative impact on India's indirect tax ecosystem, key policy milestones, implementation challenges, and the way forward. The programme served as a meaningful platform for professionals to reflect on the achievements of GST while discussing future reforms and emerging opportunities.

The enthusiastic participation of members in these programmes reflects the profession's unwavering commitment to excellence and continuous learning. The Indirect Taxation Committee remains dedicated to organizing high-quality knowledge initiatives and disseminating timely updates that enable members to effectively respond to the evolving indirect tax framework.

I sincerely appreciate the valuable contributions of our distinguished speakers, experts, participants, and all stakeholders whose continued support contributes to the success of these initiatives. I look forward to your active participation in our forthcoming programmes.

Ashish Thatte

CMA (Dr) Ashish P Thatte
Chairman – Indirect Taxation Committee
The Institute of Cost Accountants of India
02.07.2026

Glimpses of June: Indirect Taxation


1


2


3


4

CMA Anil Sharma, Co-opted Member, Indirect Taxation Committee, ICMAI and CMA Kushal Sengupta, Director & HoD, Tax Research Department, ICMAI met **Justice (Retd.) Mayank Kumar Jain, Judicial Member, Principal Bench, GST Appellate Tribunal (Photo 1), Shri Anil Kumar Gupta, IRS (Retd), Technical Member (Centre), Principal Bench, GST Appellate Tribunal (Photo 2), Shri A Venu Prasad, IAS (Retd), Technical Member (State), Principal Bench, GST Appellate Tribunal (Photo 3) and Dr. Justice (Retd.) Sanjaya Kumar Mishra, President, Principal Bench, GST Appellate Tribunal (Photo 4)** on 10th June 2026 at New Delhi to discuss professional matters on GST Appellate Tribunal.

The meeting provided an opportunity to deliberate on various professional matters relating to the GST Appellate Tribunal and the evolving GST dispute resolution framework. The discussions also focused on strengthening professional collaboration and extending a cordial invitation to the dignitaries to participate in the upcoming mega event on GST to be organised by the Institute.

Glimpses of June: Direct Taxation

CMA Rajendra Singh Bhati, Chairman, Direct Taxation Committee, ICMAI met **Ms Kalpana Singh, IRS, Commissioner Income Tax (Transfer Pricing)** on 11th June 2026 at New Delhi to discuss matters relating to the CMA profession and Taxation.

CMA Rajendra Singh Bhati, Chairman, Direct Taxation Committee, ICMAI met **Shri Rohit Mehra, IRS Commissioner Income Tax (Hqrs.) (International Taxation)** on 11th June 2026 at New Delhi to discuss matters relating to the profession and taxation.

During the meeting, they discussed various matters relating to the CMA profession and contemporary issues in Taxation, with particular emphasis on international taxation. The discussions focused on strengthening professional engagement and exploring avenues for knowledge sharing in this evolving domain.

On the occasion, the Chairman also extended a warm invitation to the **Member (Legislation)** to grace and support the proposed **International Taxation Conclave** to be organised by the Direct Taxation Committee of ICMAI.

ACKNOWLEDGEMENTS

CMA Mrityunjay Acharjee	CMA Niranjan Swain
CMA Amit Sarker	CMA Anil Sharma
CMA Vishwanath Bhat	CMA Arindam Goswami
CMA Bhogavalli Mallikarjuna Gupta	CMA Manmohan Daga
CMA T K Jagannathan	CMA (Dr.) Sanjali Dias
CMA Shiba Prasad Padhi	

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CONTENTS

"Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

trd@icmai.in /trd.dd2@icmai.in

GST 3.0: Moving Beyond Invoices towards Real-Time Tax Confidence

CMA (Dr.) Sanjali Dias
Joint Commissioner (GST), Maharashtra
Formerly Sr Vice President, GSTN

Liquidity Stress in B2B Transactions and Limited Compliance Visibility in B2C Transactions:

India's GST journey has transformed tax administration through digitisation, standardisation and nationwide integration. Combined with digital public infrastructure and real-time payments, India has demonstrated that governance reforms can succeed at population scale.

Yet beneath this success lies a structural challenge that continues to affect businesses every day especially Micro, Small and Medium Enterprises (MSMEs). Across India, MSMEs supply goods and services, raise invoices, complete deliveries and fulfil contractual obligations, but payments from buyers often arrive much later. Although commercial norms and MSME protection mechanisms encourage payments within agreed timelines, often up to 45 days, delays in practice remain common. Receivables accumulate, liquidity tightens and working capital comes under pressure.

For MSMEs, delayed payment is not merely an accounting issue, it becomes a survival issue. Because while cash may not arrive on time, GST obligations do. Under the present GST framework, tax liability generally arises at the time of invoicing and reporting rather than actual receipt of payment. As a result, suppliers are required to discharge GST within prescribed timelines even when consideration remains unrealised.

This creates a structural contradiction: The supplier pays tax first. The buyer pays later and working capital absorbs the shock. Over time, liquidity pressure weakens compliance. Suppliers delay tax payments, compliance stress increases, defaults rise, and Input Tax Credit (ITC) chains become uncertain. Genuine businesses begin appearing risky and trust across the ecosystem weakens. Tax administration faces higher enforcement costs. What starts as a payment delay eventually becomes a compliance challenge.

At the same time, in the B2C ecosystem another gap persists. Invoices may be issued, but not every retail transaction necessarily converts into effective compliance visibility. Citizens ultimately bear GST as part of the purchase price, yet they have limited visibility into whether the tax corresponding to their transaction ultimately enters the formal reporting chain. This weakens consumer trust and reduces the natural incentive to participate in a transparent tax culture. This raises an important question:

Can India move beyond invoice-based compliance and evolve towards payment-linked tax confidence?

This may become the foundation of GST 3.0, where trust is created not merely through reporting transactions, but by integrating transactions, payments and compliance in real time.

The Need for a New Architecture:

India already possesses one of the world's most advanced digital ecosystems. Invoices are digital, payments are increasingly digital and returns filing is digital. Yet these systems continue to operate largely in parallel. The invoice confirms supply. The payment confirms economic completion. The GST return confirms compliance. But there is no seamless real-time bridge connecting all three.

A next-generation architecture could integrate:

Transaction → Invoice → Payment → GST reporting → ITC confirmation → Ledger update

Such an approach would not replace existing systems, it would connect them.

B2B Linking Business Payments with GST Settlement and Achieving ITC Confidence:

The largest opportunity lies in Business-to-Business (B2B) transactions. Today the sequence generally works as follows: Supplier issues invoice, GST liability arises and buyer pays after contractual timelines. Supplier reports the transaction and files the return with payment of tax.

However, commercial payment to supplier and tax compliance are disconnected and suppliers often fund GST out of working capital. A reimagined GST architecture may consider integrating payment flows with invoice reporting. Under such a conceptual model, once a supplier issues a digitally registered invoice, the recipient initiates payment through integrated payment rails. At the time of payment, the GST portion linked to the invoice may be digitally recognized and settled in real time so that the supplier receives timely tax liquidity and can file GST returns within prescribed timelines without financing tax obligations from working capital.

The remaining commercial value of the transaction may continue under normal contractual payment arrangements. In effect, commercial credit remains flexible while GST settlement becomes immediate. The supplier receives GST certainty. Working capital improves. Compliance becomes more sustainable.

Importantly, this model does not interfere with commercial negotiations between supplier and recipient. Businesses continue deciding payment terms. But the tax layer gains real-time visibility and confidence.

Input Tax Credit (ITC) remains one of the most powerful features of GST. But ITC also depends on confidence that tax obligations are ultimately discharged. If suppliers receive stronger compliance standing through payment-linked GST attribution, buyers gain greater confidence regarding ITC availability. The tax administration receives cleaner evidence. Instead of post-facto reconciliation, confidence begins at transaction stage.

This introduces a hybrid model:

Mercantile accounting for business operations.

Real-time payment attribution for tax confidence.

Such a transition could fundamentally improve liquidity resilience for MSMEs, strengthen tax compliance efficiency and facilitate smoother flow of legitimate ITC across the economy.

Extending the Vision to B2C, Bringing Retail into the Digital Tax Economy:

The second opportunity lies in Business-to-Consumer (B2C) transactions. Today, consumers buy products and services from retail shops, online platforms and service providers. Millions of transactions occur every hour through QR payments, cards and UPI. While payments have become digital, the linkage between transactions and tax reporting remains fragmented.

A future GST framework could imagine integrating consumer payment journeys with invoice generation and GST visibility. The consumer experience should remain unchanged. Consumer buys goods. Consumer pays digitally. Supplier receives sale consideration. Behind the scenes, however, payment and invoice data could generate structured GST evidence through system integration. The GST component associated with each transaction may become visible within the compliance architecture, enabling stronger traceability and more reliable reporting.

Suppliers receive validated sale records. Consumers receive authenticated purchase evidence. Tax reporting becomes more automated. Transparency improves. This does not imply that consumers pay tax separately to government. The supplier remains responsible for tax discharge. Invoice and payment linked integration creates stronger visibility and confidence that the GST embedded in each purchase enters the formal compliance chain. This transforms payments into tax-linked economic records.

Such visibility may also strengthen citizen participation in the tax ecosystem. When consumers gain greater confidence that GST paid as part of their purchases is properly reported and discharged, their trust in the system increases and their incentive to insist on proper invoicing becomes stronger. At the same time, increased transaction visibility may reduce opportunities for suppression or non-reporting of legitimate supplies, thereby strengthening transparency, improving voluntary compliance and broadening the formal economy.

Benefits across Stakeholders:

For MSMEs - Reduced working capital pressure, lower compliance stress.

For businesses - Cleaner reconciliations, improved ITC confidence.

For consumers - Authenticated purchase history, digital transaction evidence.

For government - Improved compliances, reduced tax leakage, real-time economic visibility and reduced dependence on post-facto enforcement and reconciliation Greater transparency for all.

Why This Could Become GST 3.0

India has already undergone two landmark financial transformations: one through the digital payments revolution and another through digital tax compliance. The next evolution-GST 3.0 will unify the entire business lifecycle into a seamless digital trust architecture.

Transaction → Invoice → Payment → Compliance → Evidence → Trust and confidence

Disclaimer: The views expressed in this article are personal and are solely those of the author. They do not necessarily reflect the official views, policies, or positions of the Government or any government authority.

@180 days .... A taxpayer's agony and a possible relief

CMA (Dr) Anil Sharma
Practising Cost Accountant

Input tax Credit (ITC) is neither a vested nor a fundamental right under the law. It is a concession given by the law once certain conditions are fulfilled. If all specified conditions are fulfilled, ITC become vested rights. There are many settled cases in the courts which has established the facts that ITC under law is not a fundamental right, so can't be claimed like that. Government may deny it if conditions attached to it are not complied with.

In some of the cases courts have pronounced judgment as under:

The Supreme Court, in the case of Ald Automotive – 2018-TIOL-385-SC-VAT, held that input credit is in nature of benefit/ concession extended to dealers under the statutory scheme.

In the Nelco case – 2020-TIOL-641-HC-MUM-GST, the Bombay High Court held that availing of input tax credit under section 140(1) is a concession attached with conditions of its exercise within the time limit.

The Apex Court in the case of M/S. TVS Motor Company Ltd. vs. The State of Tamil Nadu And Others, 2018 Latest Caselaw 763 SC, read as under:

"*After discussing certain judgments of this Court and other High Courts, the High Court has observed that the legal position was that the right to claim ITC is not a vested right or an indefeasible right. It is a benefit conferred under the Act in certain contingencies and subject to conditions prescribed in the statutory scheme. Therefore, it is open to the State Legislature to provide for conditions and restrictions while extending the concession. Likewise, it was also necessary for any assessee to claim input credit to fulfil those conditions.*"

So, it is established that to avail ITC, taxable person needs to fulfil all the conditions in letter and spirit. The right to avail ITC does not vest until all conditions attached to are fulfilled.

But question arises if conditions attached to avail ITC under law are practical, feasible and possible and a taxable person is in position to fulfil. If all or any of such conditions are beyond the capacity of a taxable person availing ITC in business eco-system, must be omitted and benefit must be given to the taxable person.

In this article we talk about one of the conditions attached to avail ITC which is not feasible in Indian business eco-system under normal circumstances. We also try to identify its practical solution best in the interest of business entities and department to have ease of doing business environment.

As per Section 16 of CGST Act, 2017, subject to such conditions and restrictions, allows to a registered person to avail Input Tax Credit (ITC) on goods or services or both supplied to him.

Section 16(2) impose certain conditions and restrictions for recipient to avail ITC. One of the conditions stated in second proviso to Section 16(2) and the same is reproduced as under:

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon ***within a period of one hundred and eighty days from the date of issue of invoice by the supplier,*** *an amount equal to the input tax credit availed by the recipient shall be paid by him along with interest payable under section 50, in such manner as may be prescribed:*

As per the above said provisions every registered person availing ITC on inputs, input services and capital goods need to reconcile or check each and every invoice/bill if payment is released to supplier with in a period of **one hundred eighty days** from the date of invoice/bill.

Practically, it is not possible unless recipient has advanced computer software such as SAP/TALLY with such features. In country like INDIA very few may have such software as it is a costly affair. MSMEs or other industry/business units can't afford such installation and pay heavy charges for their upgradation and periodical subscription. Majority of business entities are using local software for their general accounting and balance sheet are being drawn in excel sheets only.

In normal manufacturing units having turnover of ₹. two crores annually, there are minimum 50-60 bills on daily basis for inputs/input service and capital goods. In case of traders, it may be more. So, annually it has around twenty thousand plus bills. No business entity can practically check and confirm if payment is made with in specified time limits of 180 days without having advanced SAP or like software with such features. Some-times payments are made on ad-hoc basis or partial payments are released. Moreover, such type of provisions made the books of accounts bulky with huge data. Reconciliation become more complicated when we have more and more transactions for a single invoice/bill of a purchase.

Further, reversal of ITC when payment not made with in 180 days, calculation of interest for such reversal, re-claim of ITC once payment is made with in same financials year or in subsequent years put extra burden on business entities and also on working of government departments. It is sheer wastage of resources especially when such reversal entries got settled with in the same financial year when purchases took place.

Such reversals of ITC are subject to interest @18% of amount reversed for non-payment which is a cost to business entity.

On the other side, for department officials also it is not possible to check and verify each and every invoice/bill manually to establish that payments are not made with in one hundred eighty days. In case of reversal, calculation of interest and issue of notices for non-payment take lot of time to comply with departmental procedures. It is laborious and time taking job without any result. In other words we can say it is un-productive activity as for as business is concerned.

Considering the hardships being faced by the stake holders, to make the above proviso users friendly and to achieve the goal of 'ease of doing business', we suggest amendment to the proviso as under:

Proposed provisions:

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon and ***the said amount is outstanding in books of accounts of the recipient for more than six months as on 31st March of respective financial year***, an amount equal to the input tax credit availed by the recipient shall be paid by him along with interest payable under section 50, in such manner as may be prescribed:

With such provision one can easily make out outstanding amount not paid for more than 180 days as on 31st March and reconciliation become easy to establish the amount and interest to be paid. It also not put much pressure of books of accounts and save lot of time of stake holders. Further, time is saved for transactions which have been settled with in the financial year. Also there is no need to calculate the reversal of ITC and interest if amount is paid in installments.

Further, the Indian Accounting Standards (IndAS) business entities and companies do ageing (more than six months and less than six months) for their Debtors and Creditors and also have system of confirmation of closing balances as on 31st March every year by respective parties. In case of non-confirmation of such balance by respective parties, financials auditors give disclosure in their reports to the facts.

Such amendments will further reduce the litigation and help the stakeholders to work effectively.

Conclusion:

It is established that ITC is not fundamental right rather a concession subject to fulfilment of attached conditions under statute. It can be withdrawn for non-compliance of such conditions. Availment of ITC cannot be defined as vested right at the time of procurement of inputs, inputs services and capital goods. It becomes vested right once all conditions are fulfilled. However, it needs to be reviewed if conditions attached to ITC are feasible, genuine and practical in business environment. Honest tax payers should not be penalised to curb the tax evasion. Conditions imposed are not above law of the land and must be in line with the fundamental rights conferred under Article 14 and 19(1)(g) of the Indian Constitution and constitutional rights under Article 300A and 301.

Section 74 of the CGST Act, 2017: Fraud, Wilful Misstatement and Suppression Must Be Specifically Alleged & Established

CMA B Mallikarjunna Gupta
Co-opted Member, IDT Committee, ICMAI

Introduction: The Two-Track Demand Structure Under GST

The CGST Act, 2017 creates a clearly demarcated two-track system for demand and adjudication. Section 73 addresses cases where tax has not been paid, short paid, erroneously refunded, or where Input Tax Credit has been wrongly availed or utilised — for any reason other than fraud, wilful misstatement or suppression of facts. Section 74 is reserved for cases where the same defaults have occurred by reason of fraud, any wilful misstatement, or suppression of facts to evade tax. The consequences are materially different: Section 74 carries a penalty of 100% of the tax demand and an extended limitation period of five years, as against three years under Section 73.

This demarcation is not procedural. It goes to the root of jurisdiction. The extended limitation and punitive penalty under Section 74 are expressly conditioned upon the presence of mens rea — a state of mind manifesting as fraud, wilful misstatement, or suppression of facts with intent to evade tax. Without these ingredients, the proper officer simply has no statutory authority to proceed under Section 74.

Courts have, in a significant number of cases decided between 2024 and 2025, examined situations where proceedings were initiated under Section 74 despite the absence of clear allegations of fraud, wilful misstatement, or suppression of facts. The pattern of litigation that has emerged from multiple High Courts — Allahabad, Madras, Himachal Pradesh and others — raises questions of considerable importance for the administration of GST demands and for taxpayers contesting extended-period proceedings.

This article examines the statutory framework of Section 74, the mandatory preconditions that must be met before the provision can be invoked, the CBIC's own instructions on the subject, and a detailed analysis of significant High Court judgments that have quashed Section 74 orders and show cause notices for want of the mandatory factual allegations.

The Statutory Framework: What Section 74 Requires

1. The Provision

Section 74(1) of the CGST Act, insofar as material, reads: "Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax...”

The phrase ‘by reason of’ is not incidental. It establishes a direct causal nexus between the default in payment or ITC availment and the fraud, misstatement, or suppression. A mere shortfall in tax payment does not engage Section 74 — the shortfall must be attributable to one of the three species of dishonesty enumerated in the provision.

2. The Three Conditions

- Fraud: Active dishonest conduct — misrepresentation of facts, use of forged documents, fictitious transactions, or deliberate concealment designed to evade tax.
- Wilful Misstatement: Deliberate incorrect statement of facts in returns, declarations or submissions. A bona fide mistake or clerical error does not fall within this category.
- Suppression of Facts: Failure to disclose material information that the taxpayer was legally obliged to disclose, coupled with intent to evade tax. Not every non-disclosure constitutes suppression; the non-disclosure must be wilful and connected to tax evasion.

The Explanation to Section 74 clarifies that ‘suppression of facts’ means non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer. This Explanation is sometimes cited to expand the scope of suppression; however, courts have consistently held that the Explanation must be read conjointly with the requirement of intent to evade tax, which remains a non-negotiable ingredient.

3. Section 74’s Legitimate Anti-Evasion Function

It is equally important to recognise at the outset that Section 74 serves a legitimate and important anti-evasion function. It is the appropriate provision in cases involving fake invoicing, circular trading through fictitious entities, deliberate concealment of turnover, fraudulent availment of Input Tax Credit, and other forms of intentional tax evasion. The judicial decisions discussed in this article do not dilute the reach of Section 74 in such cases; they reaffirm that the provision must be invoked only when its statutory conditions are demonstrably satisfied. Where fraud is actually present and provable, Section 74 is both necessary and proper.

4. CBIC Instruction No. 05/2023-GST Dated 13 December 2023

The Central Board of Indirect Taxes and Customs (CBIC) issued Instruction No. 05/2023-GST, which itself makes clear that proceedings under Section 74 can be invoked only when there is fraud, wilful misstatement or suppression of facts to evade tax. The Instruction requires proper officers to examine whether the statutory ingredients are actually present before initiating extended-period proceedings. Multiple High Courts have cited this Circular in support of the view that the department’s own administrative guidance is consistent with the judicial position being laid down.

Common Issues Arising in Section 74 Proceedings

Judicial decisions across jurisdictions have examined several recurring patterns in the way Section 74 proceedings have been initiated. Understanding these patterns is useful for taxpayers and advisers dealing with extended-period demands.

- Several judgments have examined situations where Section 74 was invoked in relation to earlier tax periods, raising questions about whether the extended limitation period was actually warranted or whether proceedings under Section 73 would have been the more appropriate route.
- Courts have noted cases where show cause notices generated through standardised electronic formats did not contain detailed reasoning regarding the applicability of Section 74 — in particular, they

did not explain why the case involved fraud, wilful misstatement or suppression of facts rather than a mere error or reconciliation difference.

- In ITC denial matters, some notices invoked Section 74 on the basis that the supplier's registration was subsequently cancelled, without verifying whether the supplier existed and was duly registered at the time of the actual transaction.
- Courts have also examined cases where Section 73 proceedings had been initiated on a set of issues, and, following the filing of a reply by the taxpayer, a fresh notice under Section 74 was issued on the same facts — without any fresh evidence of fraud having emerged in the intervening period.
- In some cases, courts have found that allegations of fraud or suppression, even where nominally present, were not supported by adequate factual findings or independent investigation, resulting in proceedings that could not withstand judicial scrutiny.

Several High Courts have emphasised that invocation of Section 74 must be supported by specific allegations and factual material demonstrating fraud, wilful misstatement, or suppression of facts. Equally, High Courts have noted that Section 74 should not be invoked merely because the extended limitation period happens to be available — availability of the extended period is a consequence of establishing the statutory ingredients, not a reason to invoke the provision.

High Court Judgments: An Analytical Survey

1. Table of Significant Decisions (2024–2025)

Court & Citation	Key Issue	Outcome	Principle Established
Allahabad HC Ajnara Realtech Ltd. v. State of U.P. [2025] 172 taxmann.com 746 2025 NTN (Vol.87) 521 Writ Tax No. 354/2025 March 18, 2025 Div. Bench	SCN u/s 74 for FY 2017-18; no allegation of fraud, wilful misstatement or suppression anywhere in the SCN or ex-parte order	SCN and ex-parte order quashed. Liberty granted to proceed in accordance with law.	The ingredients of Sec 74 — fraud, wilful misstatement, suppression — must appear on the face of the SCN. Their absence renders both the notice and the consequential order void.
Allahabad HC M/s Singh Electrical Store v. Supt. CGST 2025:AHC:37922-DB Writ Tax No. 1016/2025 March 17, 2025 Div. Bench	Adjudicating authority issued Sec 74 order but expressly declined to decide whether Sec 73 or 74 applied, treating it as a matter for the appellate authority	Order quashed. Commissioner CGST, Varanasi directed to take systemic corrective action.	The adjudicating officer cannot abdicate the question of fraud/suppression to a higher forum. The Sec 73 vs. Sec 74 determination is a jurisdictional prerequisite, not an appellate question.
Allahabad HC Bharat Mint & Allied Chemicals v. State of U.P. Writ Tax No. 2527/2025 May 30, 2025 Chief Justice's Court	Fresh Sec 74 SCN issued after conclusion of Sec 73 proceedings; new SCN contained no allegation of fraud, misstatement or suppression	SCN quashed for want of jurisdiction. Liberty granted to proceed lawfully.	A Sec 74 notice issued consequent to Sec 73 proceedings, without fresh allegations of fraud or suppression, is without jurisdiction. Escalation between sections is not an administrative choice on the same facts.

Court & Citation	Key Issue	Outcome	Principle Established
Allahabad HC M/s Vadilal Enterprises Ltd. v. State of U.P. Writ Tax No. 2486/2025 May 23, 2025	SCN u/s 74 proposing demand of ₹.260 crore; notice made no allegation of fraud, wilful misstatement or suppression	SCN quashed in its entirety. Proceedings held without jurisdiction.	Specific, factual allegations of the Sec 74 statutory ingredients are a jurisdictional prerequisite. The scale of the proposed demand cannot substitute for the mandatory preconditions.
Allahabad HC M/s Raghuvansh Agro Farms Ltd. v. State of U.P. 2025 (12) TMI 1236 2026 TAXSCAN (HC) 142 (2026) 38 Centax 53 (All.) Writ Tax No. 3829/2025 December 17, 2025	Sec 74 demand based on survey alleging circular trading; SCN and order recorded no finding of fraud or suppression; proceedings initiated by State GST authority lacking jurisdiction	Assessment order and appellate order quashed. Refund of deposited amounts directed.	Survey-based suspicion of circular trading does not satisfy the Sec 74 threshold. Specific allegations and categorical findings supported by evidence are necessary. Absence of valid cross-empowerment notification separately vitiates jurisdiction.
Allahabad HC BP Oil Mills Ltd. v. Addl. Commissioner 2025 TAXONATION 2904 Writ Tax Nos. 1841, 1843, 1844/2024 November 17, 2025	Sec 74 proceedings on ground that mustard seed supplier was bogus due to cancelled registration; registration subsequently restored; transactions fully documented	Orders quashed; all three writ petitions allowed.	Restoration of the supplier's registration removes the factual substratum of the Sec 74 allegation. CBIC Instruction No. 05/2023-GST (dated 13.12.2023) confirmed that fraud/suppression must be established, not assumed.
Allahabad HC Singhal Iron Traders v. Addl. Commissioner 2025 TAXONATION 2784 Writ Tax No. 1357/2022 November 4, 2025	ITC denied u/s 74 on ground that supplier's registration was later cancelled; all transactions supported by invoices, e-way bills, GSTR filings, banking payments; supplier had filed GSTR-3B	Orders quashed.	The department must verify the status of the supplier at the time of the transaction, not at a later date. Post-transaction cancellation of registration cannot be treated as evidence of fraud in relation to earlier transactions. No fraud = no Sec 74.
Allahabad HC M/s Excellentvision Technical Academy Pvt. Ltd. v. State of U.P. 2024:AHC:90890 Writ Tax No. 554/2023	Search u/s 67 conducted without valid reasons to believe; two INS-01 forms issued on different dates; search found to be illegal; consequential Sec 74 order challenged	Entire proceedings including Sec 74 order quashed.	Sec 74 proceedings originating from an illegal search u/s 67 are infected with the same illegality. Recording of 'reasons to believe' before search is a mandatory statutory requirement.

Court & Citation	Key Issue	Outcome	Principle Established
HP High Court Shyama Power India Ltd. v. State of H.P. 2025 TAXONATION 1526 CWP No. 6990/2025 June 19, 2025 Div. Bench	Interest and penalty u/s 74 for alleged ITC mis-availing; petitioner had paid tax under protest; authority treated protest payment as conclusive admission of liability	Interest and penalty order quashed as perverse. Fresh DRC-07 for tax amount alone directed to enable appeal.	Payment under protest is not an admission of liability and cannot be treated as such. Failure to independently investigate the supplier transactions, and passing an order on perverse reasoning, justifies writ intervention.
Madras HC (Madurai Bench) Neeyamo Enterprise Solutions Pvt. Ltd. v. Commercial Tax Officer 2025 TAXSCAN (HC) 2306 W.P.(MD) Nos. 30453-30458/2024 November 11, 2025 Justice G.R. Swaminathan	Six SCNs u/s 74 issued for FY 2018-19 to 2023-24; SCNs described 'determined' liability without alleging fraud, misstatement or suppression; petitioner did not file replies; orders passed confirming demands	SCNs and assessment orders quashed. Liberty to initiate proceedings u/s 73 if within limitation.	Fraud, wilful misstatement and suppression are 'jurisdictional facts' under Sec 74 — their absence vitiates the initiation. Non-response by the taxpayer does not supply what the SCN lacks. Use of the term 'determination' in the SCN signals a pre-decided outcome, violating natural justice.
Allahabad HC [Writ Tax; Sec 73 dropped, Sec 74 reopened] 2024 Taxo.online 2248 October 2024	Section 73 proceedings dropped; fresh SCN issued u/s 74 without any new concrete evidence of fraud, wilful misstatement or suppression	SCN quashed. Liberty granted to issue a fresh SCN with proper grounds if applicable.	Once Sec 73 proceedings are dropped, reopening under Sec 74 on the same facts, without fresh evidence of the statutory ingredients, is without jurisdiction. The extension of limitation is a statutory condition, not an administrative option.

2. Thematic Analysis

2.1. The SCN Itself Must Allege the Ingredients — Not Merely the Order

One of the most significant principles to have emerged from recent case law is that the allegation of fraud, wilful misstatement, or suppression must appear in the show cause notice itself — not merely in the final order, and not by implication. In Ajnara Realtech Ltd. v. State of Uttar Pradesh [Writ Tax No. 354/2025, Allahabad HC, March 18, 2025], the Division Bench found that neither the SCN nor the ex-parte order contained any such allegation. Both were quashed. Importantly, the court did not wait for the matter to run its course through adjudication; it intervened at the SCN stage.

This has practical significance for how these challenges should be structured. Where a Section 74 SCN is facially silent on the statutory ingredients, courts have held that a writ petition under Article 226 is maintainable even at the notice stage. The absence of jurisdictional preconditions makes the notice a nullity, not merely a defective document to be corrected in adjudication.

2.2. The Adjudicating Officer Cannot Leave the Section 73 vs. 74 Question Open

The Allahabad High Court in M/s Singh Electrical Store v. Superintendent CGST [2025:AHC:37922-

DB, March 17, 2025] confronted a situation where the adjudicating authority, while passing an order under Section 74, expressly noted in the order itself that the question of whether the case fell under Section 73 or Section 74 was a matter for the appellate authority to determine. The court found this reasoning wholly unacceptable. As a natural consequence, the order was quashed. The court went further: it directed the Commissioner of CGST, Varanasi to look into the systemic practice of officers passing Section 74 orders without recording reasons for invocation of the provision, and to take appropriate corrective action.

The direction to the Commissioner indicates that this is not being treated simply as an individual adjudicatory error but as a pattern warranting institutional attention.

2.3. Upgrading from Section 73 to Section 74 Requires a Fresh Factual Basis

A recurring issue in GST proceedings has been the practice of initiating under Section 73, receiving a reply from the taxpayer, and then, without the emergence of any new evidence of fraud, issuing a fresh notice under Section 74 on the same set of facts. Courts have addressed this squarely.

In Bharat Mint & Allied Chemicals v. State of U.P. [Writ Tax No. 2527/2025, Allahabad HC, May 30, 2025], a fresh Section 74 notice was issued immediately after the conclusion of Section 73 proceedings, without any new allegation of fraud or suppression. It was quashed. In M/s Vadilal Enterprises Ltd. v. State of U.P. [Writ Tax No. 2486/2025, May 23, 2025] — involving a proposed demand of ₹.260 crore — the court quashed the Section 74 SCN because, although it referenced earlier Section 73 proceedings, it contained no allegation of fraud, wilful misstatement, or suppression. And in the Taxo.online 2248 decision of October 2024, the Allahabad HC held that once Section 73 proceedings are dropped, reopening under Section 74 on the same facts without concrete fresh evidence of fraud is without jurisdiction.

Read together, these decisions establish that the transition from Section 73 to Section 74 is a jurisdictional step requiring a fresh and independent factual foundation. It is not an escalation option that the officer may exercise because the earlier proceedings did not produce a satisfactory result.

2.4. Supplier-Side Defaults Cannot, Without More, Sustain Section 74 Against the Recipient

A large category of Section 74 cases in the post-2021 period has involved ITC denial on the ground that the supplier's GST registration was subsequently cancelled or that the supplier was found to be non-existent on a later survey. Courts have taken a consistent view on this category of cases.

In Singhal Iron Traders v. Additional Commissioner [2025 TAXONATION 2784, Writ Tax No. 1357/2022, November 4, 2025], the court held that the department was required to verify the status of the supplier as on the date of the transaction, not as on the date of the survey or the cancellation. Since all documentation — invoices, e-way bills, GSTR-3B filings by the supplier, and banking channel payments — was in order, there was no basis for invoking Section 74.

In BP Oil Mills Ltd. v. Additional Commissioner [2025 TAXONATION 2904, Writ Tax Nos. 1841, 1843, 1844/2024, November 17, 2025], where the supplier's registration had been cancelled and subsequently restored, the court held that the restoration removed the factual substratum of the Section 74 allegation entirely. The court specifically placed reliance on CBIC Instruction No. 05/2023-GST to confirm that fraud and suppression must be established and not merely assumed from the post-transaction cancellation of a supplier's registration.

These decisions, taken with the broader thread running through Allahabad HC jurisprudence, indicate that ITC denial based on supplier-side defaults — without establishing that the recipient had knowledge of, or was party to, any fraud — does not meet the Section 74 threshold. The correct avenue in such cases, where the statutory conditions of Section 74 are not met, lies under Section 73.

2.5. Payment Under Protest is Not an Admission of Liability

The Himachal Pradesh High Court in Shyama Power India Ltd. v. State of H.P. [2025 TAXONATION 1526, CWP No. 6990/2025, June 19, 2025] quashed an order for interest and penalty under Section 74 where the petitioner had deposited tax under protest and the department treated the deposit as an admission of liability going to the merits of the Section 74 allegation. Finding the reasoning of the adjudicating authority perverse and the independent investigation entirely absent, the court directed that a fresh DRC-07 be issued for the tax amount alone, thereby enabling the petitioner to file a first appeal and raise all relevant grounds.

This decision underscores a practical point that arises frequently in GST practice: amounts paid under protest to avoid coercive recovery or to enable the statutory process to continue must be clearly identified as such in all filings and communications, with an express reservation that the payment does not constitute an acceptance of the demand.

2.6. The Neeyamo Standard: Fraud and Suppression as Jurisdictional Facts

Perhaps the clearest doctrinal formulation in recent Section 74 jurisprudence came from the Madurai Bench of the Madras High Court in Neeyamo Enterprise Solutions Pvt. Ltd. v. Commercial Tax Officer [2025 TAXSCAN (HC) 2306, W.P.(MD) Nos. 30453–30458/2024, November 11, 2025, Justice G.R. Swaminathan]. Facing six show cause notices for financial years 2018–19 to 2023–24, issued following a Section 67 inspection, the court held that fraud, wilful misstatement, and suppression of facts are jurisdictional facts under Section 74. Their absence does not merely weaken the case — it vitiates the very initiation of proceedings. The court further held that the non-response of the taxpayer to the SCN does not supply what the SCN itself lacks in terms of the statutory ingredients. The use of the word 'determined' in the show cause notices was read as indicating a conclusion reached before the process of hearing, which the court treated as contrary to the principles of natural justice.

The framing of the Section 74 ingredients as 'jurisdictional facts' is significant: it places these requirements at the threshold of the officer's authority, not as a defence to be raised during adjudication. Once framed in those terms, the absence of the ingredients goes to the root of jurisdiction and cannot be cured by the quality of the evidence subsequently assembled.

2.7. When Writ Petitions Against Section 74 Notices Are Declined

It is important to set alongside the above decisions the cases where High Courts have declined to intervene and have directed taxpayers to the statutory appellate remedy. In NEO Classic Cruise and Tours (P.) Ltd. v. Deputy Commissioner (Intelligence) [WP(C) No. 1602/2025, Kerala HC, January 16, 2025], the petitioner challenged a Section 74 order on the ground that it lacked evidence of fraud or suppression. The Kerala High Court declined to entertain the writ petition, noting that the impugned order contained specific reasons at paragraph 8 for invoking Section 74. Since the correctness of those reasons involved disputed facts, the court held that the appropriate remedy was an appeal under Section 107 rather than a writ under Article 226.

Similarly, the Madhya Pradesh High Court in VE Commercial Vehicles Ltd. v. Union of India [Writ Petition No. 40414/2025, decided November 26, 2025], declined to entertain a writ against a Section 74 SCN proposing a demand of ₹.168 crore, holding that the SCN did contain allegations of fraudulent conduct, and that all objections including on limitation could be raised before the adjudicating authority.

The distinction that emerges from these cases is this: writ intervention is appropriate where the SCN or order is facially silent on the Section 74 ingredients, or where the stated reasons are so manifestly without basis as to be a jurisdictional nullity. Where the SCN does contain reasons — even if those reasons are disputed or contestable on the merits — courts will generally direct the taxpayer to the appellate forum. The writ remedy addresses the absence of the statutory foundation, not merely its weakness.

2.8. The Section 75(2) Angle: Even Where the Demand Survives

Section 75(2) of the CGST Act provides that where the proper officer determines that the tax payable under Section 73 is the same as the amount in the notice under Section 74, the proceedings shall be closed as if the order were made under Section 73. This provision, which functions as an internal statutory corrective, ensures that a taxpayer is not made to bear the 100% penalty prescribed under Section 74 when the facts do not actually disclose fraud or suppression.

In first appeals before the Appellate Authority and in proceedings before the GST Appellate Tribunal, Section 75(2) provides a separate argument that is worth pleading: even if the demand quantum is not disputed, the penalty must be reduced to the Section 73 scale (10% of the demand or ₹.10,000, whichever is higher) if the officer has not made out the case for fraud or suppression. This argument is gaining traction as the Sec 73/74 demarcation has become a well-litigated area.

Practical Implications for Practitioners and Taxpayers

The judicial decisions discussed above have several direct implications for how Section 74 matters should be approached at the advisory, representational and appellate stages:

- Every Section 74 SCN should be examined on receipt for the presence or absence of specific factual allegations of fraud, wilful misstatement, or suppression. A boilerplate notice that identifies a tax shortfall and invokes Section 74 without explaining the basis for characterising the default as fraudulent or involving suppression is potentially void for want of jurisdiction.
- Where the SCN is facially deficient of the Section 74 ingredients, a writ petition under Article 226 is an available and recognised remedy at the pre-order stage. Courts have held such petitions maintainable where the jurisdictional preconditions are absent — statutory remedies need not be exhausted before approaching the High Court in such cases.
- Where Section 74 is invoked as a follow-on to Section 73 proceedings on the same facts, without any fresh evidence of fraud having emerged, the jurisdictional objection should be taken at the first available opportunity before the adjudicating authority and, if not addressed, before the High Court.
- In ITC denial cases involving supplier-side defaults, a complete documentary record should be assembled: registration status of the supplier at the date of the transaction, GSTR-1 and GSTR-3B filings, e-way bills and transport records, and banking channel payments. This record establishes the bona fide nature of the transaction and negates any inference of fraud on the part of the recipient.
- Any amount paid under pressure or to avoid attachment should be expressly designated as a payment under protest, with a written reservation of rights, in all related correspondence and DRC-03 filings.
- CBIC Instruction No. 05/2023-GST dated 13 December 2023 should be relied upon in replies and adjudication, alongside the relevant case law, to demonstrate that the department's own internal guidance requires the statutory ingredients to be present before Section 74 is invoked.
- In first appeals where the Section 74 order is upheld but the underlying facts do not disclose fraud or suppression, the penalty argument under Section 75(2) — that the penalty should in any event be restricted to the Section 73 scale — should be specifically raised and preserved.

Conclusion

Section 74 is a provision of considerable force. The combination of extended limitation and full tax-equivalent penalty reflects a considered legislative judgment that deliberate evasion must be met with serious consequences. That seriousness of purpose is itself a reason why the courts have taken care to keep the provision within its statutory bounds.

The emerging jurisprudence from the Allahabad, Madras, Himachal Pradesh and other High Courts indicates an increasingly consistent approach: the jurisdictional requirements of Section 74 must be clearly pleaded in the show cause notice itself and supported by relevant material. A notice that is silent on fraud, wilful misstatement or suppression does not acquire validity from the fact that a demand is proposed or that a penalty is imposed. The provision is invoked or it is not; the question is answered by the face of the notice and the material behind it.

Recent judicial pronouncements, taken as a whole, underscore that the distinction between Sections 73 and 74 is substantive and jurisdictional, not merely procedural. While each case will ultimately depend on its specific facts and the material before the court, the direction of the case law is sufficiently settled to give both taxpayers and officers a clear statement of what Section 74 requires — and what it does not permit in its absence.

PRESS RELEASE

INDIRECT TAX

Government extends last date for filing appeals before the GST Appellate Tribunal to 31st July 2026

Posted On: 30 JUN 2026 11:55AM by PIB Delhi

The Government has extended the due date for filing of appeals before the Goods and Services Tax Appellate Tribunal (GSTAT) under Section 112(1) read with Section 112(3) to 31.07.2026.

By an earlier notification dated 17.09.2025, the Government had notified 30.06.2026 as the last date for filing of appeals before GSTAT.

The Government has extended the due date in view of the recent representations from various stakeholders, highlighting technical difficulties due to rush to file appeals on the GSTAT portal. Although the due date was notified well in advance in September 2025 itself, it is to be noted that in the last 15 days alone, 30,000 appeals were filed, with daily volumes peaking at 5,500 appeals.

Taxpayers are advised to plan their appeal filings well in advance and not wait until the deadline.

NOTIFICATION

INDIRECT TAX

Notification No. 22/2026-Customs

New Delhi, the 30th June, 2026

G.S.R…..(E). ---- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2026-Customs, dated the 1st April, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 246(E), dated the 1st April, 2026, namely:-

In the said notification, in paragraph 2 , for the figures and word “30th June 2026” , the figures and words “15th July, 2026” shall be substituted.

Notification No. 23/2026-Customs

New Delhi, the 30th June, 2026

G.S.R….(E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 13/2026-Customs, dated the 1st April, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i), vide number G.S.R. 247(E), dated the 1st April, 2026, namely:-

In the said notification, in paragraph 2, for the figures and word “30th June, 2026”, the figures and word “15th July, 2026” shall be substituted.

Notification No. 21/2026-27

Dated: 29 June 2026

Subject: Amendment to Notification No. 65/2025-26 for extension of timelines under Component II of Resilience & Logistics Intervention for Export Facilitation (RELIEF) Intervention - reg.

S.O. (E): In exercise of powers conferred under Sections 3 and 5 of the Foreign Trade (Development and Regulation) Act, 1992, read with paras 1.02 and 2.01 of the Foreign Trade Policy, 2023, as amended from time to time, the Central Government hereby amends Notification No. 65/2025-26 dated 19.03.2026 relating to the Resilience & Logistics Intervention for Export Facilitation (RELIEF) under the Export Promotion Mission (EPM).

2. In Para 7.2 of Annexure to Notification No. 65/2025-26 of the eligibility and validity criteria under Component II, the eligibility period shall stand extended upto 30th September 2026 for shipments meant for delivery or transshipment under the intervention, to enhance utilization and facilitate trade resilience.

3. All other provisions of Notification No. 65/2025-26 dated 19.03.2026 (as amended from time to time) shall remain unchanged.

Effect of this Notification: The eligibility timelines under Component II of the EPM RELIEF intervention are extended up to 30th September 2026 to support Indian exporters and mitigate logistics challenges arising out of the continuing West Asia Crisis.

Notification No. 32/2026-Central Excise

New Delhi, the 30th June, 2026

G.S.R...(E).- In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of Finance Act, 2002 (20 of 2002), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 06/2026-Central Excise, dated the 26th March, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 205(E), dated the 26th March, 2026, namely:-

In the said notification, in paragraph 2, in clause (b), for the words "Nepal, Bhutan, Bangladesh and Sri Lanka", the words "Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Mauritius" shall be substituted.

2. This notification shall come into force with immediate effect.

Notification No. 33/2026-Central Excise

New Delhi, the 30th June, 2026

G.S.R...(E).- In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of Finance Act, 2002 (20 of 2002), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 09/2026-Central Excise, dated the 26th March, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 208(E), dated the 26th March, 2026, namely:-

In the said notification, in paragraph 2, for the words "Nepal, Bhutan, Bangladesh and Sri Lanka", the words "Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Mauritius" shall be substituted.

2. This notification shall come into force with immediate effect.

Notification No. 34/2026-Central Excise

New Delhi, the 30th June, 2026

G.S.R...(E).- In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 112 of Finance Act, 2018 (13 of 2018), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance

(Department of Revenue), No. 11/2026-Central Excise, dated the 26th March, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 210 (E), dated the 26th March, 2026, namely:-

In the said notification, in paragraph 2, in clause (b), for the words "Nepal, Bhutan, Bangladesh and Sri Lanka", the words "Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Mauritius" shall be substituted.

2. This notification shall come into force with immediate effect.

Notification No. 35/2026-Central Excise

New Delhi, the 30th June, 2026

G.S.R (E).- In exercise of the powers conferred by section 112 of Finance Act, 2018 (13 of 2018), read with section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 04/2019-Central Excise, dated the 6th July, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 487(E), dated the 6th July, 2019, namely:-

In the said notification, in paragraph 2, for the words "Nepal, Bhutan, Bangladesh and Sri Lanka", the words "Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Mauritius" shall be substituted.

2. This notification shall come into force with immediate effect.

Notification No. 36/2026-Central Excise

New Delhi, the 30th June, 2026

G.S.R...(E).- In exercise of the powers conferred by Section 5A of the Central Excise Act, 1944 (1 of 1944) read with Section 147 of Finance Act, 2002 (20 of 2002), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 06/2026-Central Excise, dated the 26th March, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 205(E), dated the 26th March, 2026, namely:-

In the said notification, in the Table,

(i) against serial number 1, in column (4), for the entry, the entry "₹. 4 per litre" shall be substituted;

(ii) against serial number 2, in column (4), for the entry, the entry "₹. 8.5 per litre" shall be substituted.

2. This notification shall come into force with effect from 1st July, 2026.

Notification No. 37/2026-Central Excise

New Delhi, the 30th June, 2026

G.S.R...(E).- In exercise of the powers conferred by Section 5A of the Central Excise Act, 1944 (1 of 1944) read with Section 147 of Finance Act, 2002 (20 of 2002), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 08/2026-Central Excise, dated the 26th March, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section(i), vide number G.S.R. 207 (E), dated the 26th March, 2026, namely:-

In the said notification, in the Table, against serial number 1, in column (4), for the entry, the entry "₹. 7.5 per litre" shall be substituted.

2. This notification shall come into force with effect from 1st July, 2026

Direct Tax

Notification No. 71 of 2026-CBDT

New Delhi, the 25th June, 2026

S.O. 3454(E).— In pursuance to the section 45(4)(b) of the Income-tax Act, 2025, the Central Government hereby approves the University of Hyderabad (PAN: AAAAU8109M) for Scientific Research under the category of university, college or other institution, for the purposes of section 45(3)(a)(i) of the said Act of 2025 and rules 32 and 34 of the Income-tax Rules, 2026.

2. This notification shall be applicable to the University of Hyderabad for the tax years 2026-2027 to 2030-2031, subject to the conditions that it shall—

- comply with the conditions specified in rule 34 of the Income-tax Rules, 2026;
- prepare statement under section 45(4)(a) of the Income-tax Act, 2025 for each tax year in Form No.15 and deliver or cause to be delivered to the Director General of Income-tax (Systems) or the person authorized by him on or before the 31st May, immediately following the tax year in which the donation is received, in accordance with rule 31 of the Income-tax Rules, 2026:
- furnish to the donor, a certificate in Form No.16 specifying the amount of donation in accordance with rule 31 of the Income-tax Rules, 2026.

Notification No. 72 of 2026-CBDT

New Delhi, the 25th June, 2026

S.O. 3455(E).— In pursuance of the section 45(4)(b) of the Income-tax Act, 2025, the Central Government hereby approves the Public Health Foundation of India, Delhi (PAN: AABAP4445L) for Scientific Research under the category of University, college or other institution, for the purposes of section 45(3)(a)(i) of the said Act of 2025 and rules 32 and 34 of the Income-tax Rules, 2026.

2. This notification shall be applicable to the Public Health Foundation of India, Delhi for the tax years 2026-2027 to 2030-2031, subject to the conditions that it shall—

   (i) comply with the conditions specified in rule 34 of the Income-tax Rules, 2026;

   (ii) prepare statement under section 45(4)(a) of the Income-tax Act, 2025 for each tax year in Form No.15 and deliver or cause to be delivered to the Director General of Income-tax (Systems) or the person authorised by him on or before the 31st May, immediately following the tax year in which the donation is received, in accordance with rule 31 of the Income-tax Rules, 2026:

   (iii) furnish to the donor, a certificate in Form No.16 specifying the amount of donation in accordance with rule 31 of the Income-tax Rules, 2026.

CIRCULAR

INDIRECT TAXATION

Circular No. 255/01/2026-GST

New Delhi, Dated the 25th June, 2026

Subject: Clarification regarding jurisdiction in cases involving migration/ transfer of taxable persons from one jurisdiction to another jurisdiction– reg.

References have been received from field formations seeking clarification on the validity of action taken, and on the authority competent to act, at various stages of proceedings under the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act") in cases where the jurisdiction of the taxable person has changed on account of change in Principal Place of Business of the taxable person.

2. Clarification has been sought on the following:

- whether an action undertaken by the transferor jurisdictional authority, at a given stage of proceedings, before such migration/transfer of the taxable person to another jurisdiction, remains valid and applicable on the transferee jurisdiction authority;
- whether the transferor jurisdiction authority can take any action or initiate proceeding against the taxable person, after he has migrated/transferred to another jurisdiction (transferee); and
- who would be the authority competent to give effect to, implement, or act upon any such action already taken, and also to act upon any consequential action arising from the antecedent proceedings, including representing, defending, or otherwise conducting proceedings, filing of appeals before the appellate authority or appellate tribunal, in cases involving migration/transfer of the taxable person.

3. The matter has been examined in consultation with the Union Ministry of Law and Justice. In order to ensure uniformity in the implementation of procedure in such cases involving migration/ transfer of taxable persons from one jurisdiction to another, the Central Board of Indirect Taxes and Customs (hereinafter referred to as "the Board"), hereby, issues the following clarifications in the matter.

4. The core issue, common to all the proceedings under the GST framework referred to in para 2 above, is a conflict between the validity of action already taken by the erstwhile (transferor) jurisdictional officer, and the need for the present (transferee) jurisdictional officer to have control over the proceeding once a taxable person has migrated/transferred to a different jurisdiction. The governing principle, applicable uniformly across all stages of actions or proceedings, is that jurisdiction to exercise a statutory power is required to be assessed as on the date on which the power is actually invoked. A subsequent migration/transfer of the taxable person does not retrospectively vitiate a proceeding already validly initiated or concluded by the erstwhile (transferor) jurisdictional officer, though it does affect who should conduct matters from that point forward.

5. Where an action corresponding to particular stage of proceedings (i.e. investigation, conducting audit, issuance of show cause notice, issuance of adjudication order, issuance of Order-in-review, filing of appeal, issuance of Order-in-Appeal, or any other proceedings under the CGST Act and the rules made thereunder) has been validly undertaken by the officer having jurisdiction over the registered taxpayer at that time (transferor), the action so taken remains valid, notwithstanding subsequent migration/transfer of the taxable person to another jurisdiction (transferee). The conduct of the next stage of proceedings, and the implementation of any directions contained in an action already taken or proceedings, is however to be undertaken by the officer presently having jurisdiction (transferee)

over the taxable person, and not by the erstwhile (transferor) jurisdictional officer who, on account of the migration/transfer of the taxpayer, ceased to have jurisdiction thereon.

6. Judicial treatment of post-migration/transfer actions, as held by the Hon'ble Supreme Court and Hon'ble High Courts in various of judicial pronouncements, in tax related matters, shows that the past acts of a competent authority remain valid, and enforcement and further proceedings must be taken over by the officer, who has now acquired jurisdiction (transferee) subsequent to such migration/ transfer. In such cases, it has been highlighted that continuing or consequent proceedings to any action, must be exercised by the authority currently having jurisdiction over the taxable person, after the said migration/ transfer. Moreover, there is nothing to prevent the transferee jurisdictional authority from acting upon an earlier valid administrative or quasi-judicial action or proceeding initiated by the transferor jurisdictional authority. This indicates that the present jurisdictional authority (transferee) should be the face of proceedings at every subsequent stage after the migration/ transfer and wherever any action or proceeding had already been initiated by the transferor jurisdictional authority before the migration/ transfer, the transferee jurisdictional authority can rely on such action or proceeding already taken by the erstwhile jurisdictional authority (transferor).

7. Therefore, it is hereby clarified that:

   (a) Where any action or proceeding under the CGST Act and the rules made thereunder has been validly undertaken by the transferor jurisdictional authority having jurisdiction over the registered taxpayer on the date such action was undertaken, the same shall remain valid notwithstanding the subsequent migration/ transfer of the taxable person to another jurisdictional authority. The transferee jurisdictional authority shall act upon, give effect to, and proceed on the basis of such earlier valid action taken by the transferor jurisdictional authority, as if it had itself initiated the same.

   (b) The transferor jurisdiction authority shall not take any action or initiate proceedings against the taxable person, after he has migrated/ transferred to another jurisdiction and any issue that comes to the notice of the transferor jurisdictional authority should be intimated to the transferee jurisdictional authority for any further action.

   (c) Where the taxable person migrates to another jurisdiction during the pendency of any action or proceeding initiated by the transferor jurisdictional authority, the transferee jurisdictional authority shall take over and conclude the same from the stage at which it stood at the time of migration/ transfer, and shall be competent to take all further actions, including consequential proceedings that might arise therefrom. Thus, the transferee jurisdictional authority shall be the competent authority to give effect to, implement, or act upon any such action already taken, and also to act upon any consequential action arising from the antecedent proceedings, including representing, defending, or otherwise conducting proceedings, filing of appeals before the appellate authority or appellate tribunal, in cases involving migration/transfer of the taxable person.

8. Difficulty, if any, in implementation of the above instructions may please be brought to the notice of the Board.Judgement Indirect Taxation (17^{th} June to 1^{st} July 26).

Judgement

Indirect Taxation

Delay in filing appeal condoned on condition that petitioner files appeal u/s 107 within 4 weeks: HC

Facts of the Case : Yallappa R. Patil vs. Assisstant Commissioner of Commercial Taxes [2026] (Karnataka)

The petitioner filed a writ appeal challenging the order of the Single Judge, whereby the writ petition was rejected, and the petitioner was relegated to avail the statutory remedy of appeal before the Appellate Authority against the impugned order. The petitioner submitted that he may be relegated to avail the remedy of appeal under Section 107 of the CGST Act and the Karnataka GST Act and contended that the reasons for the delay in filing the appeal were genuine, as stated in the writ petition and noticed by the Single Judge. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that, having regard to the peculiar facts and circumstances of the case, the order of the Single Judge relegating the petitioner to avail the statutory remedy of appeal under Section 107 of the CGST Act and the Karnataka GST Act did not warrant interference. It observed that the grounds urged by the petitioner justified permitting the statutory appeal despite the delay. The Court directed that if the petitioner filed the appeal under Section 107 within four weeks, the Appellate Authority shall take the appeal on record without raising any objection on the ground of limitation. Accordingly, while affirming the order of the Single Judge, the Court granted the petitioner four weeks to file the statutory appeal, subject to the above direction.

Tax recovered during search without SCN or proven voluntary consent was not validly retained and had to be refunded: HC

Facts of the Case : Baba Contractors and Engineers vs. Union of India - [2026] (Rajasthan)

The petitioner, a partnership firm, was subjected to search and seizure proceedings at its business premises and the residences of its partners, during which summons were issued, a partner's statement was recorded, and records and electronic devices were seized. During the search, the amount was recovered through reversal of ITC and cash payments, and Form GST DRC-03 was filed on the same day. The petitioner subsequently contended that the statement and payment were made under pressure and sought refund of the amount. It was further submitted that no show cause notice had been issued at the time of deposit, and no acknowledgement in Form GST DRC-04 was issued. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that Section 74 read with Section 54 of the CGST Act and the Rajasthan GST Act, Rule 142 of the GST Rules, and the Rajasthan GST Rules contemplate voluntary payment before issuance of a show cause notice, which was not established in the present case. As the payment was made during the search, without evidence of voluntary compliance or issuance of Form GST DRC-04, retention of the recovered amount was held unsustainable, and a refund was directed. However, the Court held that the claim for interest under Section 56 read with Section 54 of the CGST Act and the Rajasthan GST Act was premature as the investigation.

GST registration to be restored if returns filed and dues paid within 60 days as per Rule 22(4): HC

Facts of the Case : Sri Chongtham Manabandra Singh vs. Union of India - [2026] (Gauhati)

The petitioner, a proprietorship concern holding GST registration, was issued a show-cause notice for non-filing of GST returns for six consecutive months. Pursuant to the notice, the GST registration was suspended and subsequently cancelled by the jurisdictional authority. Aggrieved by the cancellation, the petitioner filed the writ petition seeking restoration of the GST registration and permission to regularise the default by filing the pending returns and discharging the applicable tax liability. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that, in terms of Section 30 read with Section 29 of the CGST Act and Rule 22 of the CGST Rules, the petitioner was entitled to seek restoration of the cancelled GST registration. Relying on its earlier decision in 'Dhirghat Hardware Stores v. Union of India [2025] 180 taxmann.com 73 (Gauhati)', the Court permitted the petitioner to regularise the default by furnishing the pending returns in terms of the proviso to Rule 22(4) and paying the applicable tax, interest, penalty and late fee within 60 days. It directed the jurisdictional authority to consider the petitioner's request and restore the registration expeditiously upon such compliance. The Court further held that the limitation under Section 73(10) would run from the date of the order and that computation would be made in accordance with Section 44.

Waiver of interest, penalty or limitation on delayed GST returns not permissible as interest liability is statutory: HC

Facts of the Case : Commissioner of Central Tax vs. Sadguru Infratech (P.) Ltd. - [2026] (Karnataka)

The respondent-assessee had filed GST returns belatedly for the relevant tax periods, pursuant to which the jurisdictional officer under CGST issued ASMT-10 proposing the levy of interest on the delayed payment of tax and subsequently initiated garnishee proceedings by issuing DRC-13 to the respondent-assessee's banker for the recovery of the dues. The Single Judge directed that the respondent-assessee be permitted to file or amend returns without insisting upon payment of interest, penalty or adherence to limitation, restrained coercive recovery for six months, and further directed segregation of pre-GST and post-GST works, computation of post-GST liability after allowing ITC. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that liability to pay interest on delayed payment of GST under Sections 39, 50, 79 and 128 of the CGST Act and the Karnataka GST Act arises by operation of law and cannot be waived, reduced or suspended in the absence of a specific statutory provision. It was observed that the directions permitting filing or amendment of returns without insisting on interest, penalty or limitation were contrary to the statutory framework and therefore unsustainable. The Court further held that any claim for reimbursement of additional GST liability arising from contracts executed before the introduction of GST was purely an inter se contractual dispute between the contracting parties, and contractual terms could not modify or override the statutory provisions governing levy. Accordingly, the impugned directions granting waiver of statutory liabilities were set aside.

Extended limitation under sec. 74 valid for fictitious ITC on circular transactions as lower threshold for invocation applies: HC

Facts of the Case : Southern Steels vs. Assistant Commissioner (ST) - [2026] (Madras)

The petitioner operated two GST registrations. Following an inspection, the jurisdictional officer under the CGST Act initiated scrutiny alleging circular or reciprocal transactions and the availment of fictitious ITC on non-supplies, culminating in DRC-07 orders for both registrations. In respect of the registration, earlier orders had been set aside in prior writ proceedings and the matter was remanded, after which fresh DRC-07 orders were passed without issuing DRC-01. The proceedings followed the sequence of DRC-01A, DRC-01, reply in DRC-06 and adjudication. The petitioner challenged the invocation of the extended limitation period under Section 74 of the CGST Act and the validity of the adjudication proceedings. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that the inspection findings indicating circular transactions and fictitious ITC on non-supplies constituted prima facie material to invoke the extended limitation period under Sections 74 and 75 of the CGST Act and the Tamil Nadu GST Act, observing that the threshold for invoking the extended period under the GST regime is lower than under the earlier indirect tax laws. It further held that the proceedings were valid as they followed the prescribed procedure through DRC-01A, DRC-01, reply in DRC-06 and adjudication. However, the Court found that the proceedings were procedurally defective as DRC-07 was issued without a prior DRC-01 after remand, contrary to Rule 142 of the CGST Rules and the Tamil Nadu GST Rules and the principles of natural justice. Accordingly, the DRC-07 orders for were set aside.

Direct Taxation

Delay of 676 days in appeal filing condoned as reliance on professionals and change of auditors justified: HC

Facts of the Case : Mallelil Industries (P.) Ltd. vs. Principal Commissioner of Income-tax - [2026] (Kerala)

The assessee filed an appeal before the ITAT against the order of the CIT(A), with a delay of 676 days. The assessee explained that it relied on professional auditing firms and counsel and believed the earlier auditors would have filed the appeal. After the earlier tax auditors withdrew from the audit assignment, a new audit firm was engaged.

Upon learning that no appeal had been filed, steps were promptly taken through a new tax consultant to file the appeal, with averments providing specific details of the firms and the difficulties faced. ITAT declined to condone the delay and dismissed the appeal. The matter reached the Kerala High Court.

Decision of the Case : The High Court held that the Tribunal relied upon the judgment of the Hon'ble Supreme Court in Guruswamy H. v. A. Krishnaiah Since Deceased By Lrs. (2025) 15 SCC 724. The Court is fully aware that, in the said judgment, the Hon'ble Court has cautioned all Courts, including High Courts, from dealing with applications for condonation of delay in a casual manner, particularly when it involves large amounts of time. That said, when an application seeking condonation of delay is considered, the reasons stated in the explanation must be scrutinised and assessed.

The assessee explained that its earlier auditors had withdrawn from the assignment, and another Firm had to be engaged. The averments are not vague but include specifics regarding the names of the Firms and the nature of the problem they faced. Further, they have come out clean, stating that they received the order of the Commissioner on 24.08.2022 and that they believed their earlier auditors would have filed an appeal against it, but subsequently learned that it was not done.

Undoubtedly, the explanation above cannot be substantiated with documentary materials, and the assessee relies solely upon their averments in corroboration. The Tribunal cannot be found in error for not accepting the explanation, as it has not been corroborated. However, the finding that they are not bona fide does not fully persuade the Court, since, as noted above, the assessee has provided specific details of their former and present Auditors, thereby strengthening their case.

In such a perspective, the Court is of the opinion that even within the rigour of the declarations in Guruswamy H. (supra), this Court will be justified in finding in favour of the assessee, particularly since the statutory appeal they filed before the learned ITAT is one at the first instance before a judicial forum.

Opportunity of hearing mandatory before cognizance post-BNSS for offences under IT Act: HC

Facts of the Case : B. Siva vs. Deputy Commissioner of Income tax [2026] (Madras)

The assessee inflated their bottle purchases by obtaining bogus invoices from various firms. The modus operandi was that, upon receipt of payment, the accused returned the corresponding amount in cash after deducting their commission for providing bogus bills.

The Income-tax Department conducted a search on the accused and after complying with the other required formalities as required under the Income Tax Act, 1961, including issuance of a show cause notice to the accused, which was not responded to, and getting sanction of the Principal Commissioner of Income Tax under Section 279(1) of the IT Act for prosecuting the accused, lodged complaints against the accused before the Trial Court under Sections 277A and 278 of the IT Act.

The Court of Additional Chief Metropolitan Magistrate (Economic Offences-1), Egmore, Chennai, took the complaints on file and ordered the issuance of summons and directed the listing of the matters. The assessee did not challenge the allegations on the merits. Instead, he challenged the order by which the Trial Court took cognisance of the criminal complaints. The matter reached before the Madras High Court.

Decision of the Case : The High Court held that even though the investigation and the obtaining of a sanction for prosecution were concluded before the kicking in of the Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS), the filing of the complaints and taking of cognisance of the offences were subsequent to the BNSS kicking in. Hence, only the provisions of the BNSS would be applicable for the 'inquiry', i.e., cognisance, by the Trial Court.

In the case of Parvinder Singh v. Directorate of Enforcement (2026) 186 taxmann.com 806 (SC), it was also held that non-compliance with Section 223(1) of the BNSS is not merely an irregularity but an illegality that would vitiate the proceedings. Thus, the contention of the Income-tax Department that the accused was heard before the BNSS came into force and thus, there is no need to hear him again, cannot be accepted.

The impugned adjudications wherein cognisance has been taken without affording an opportunity to the accused are liable to be set aside, and they are, accordingly, set aside, and the matter is remitted to the Trial Court for affording an opportunity of hearing to the accused.

RBI approval doesn't prove ALP; TPO rightly restricted export royalty from 2.51% to 1% for TP purposes: HC

Facts of the Case : Gulf Oil Corporation Ltd. vs. Asst. Commissioner of Income-tax - [2026] (Telangana)

The assessee paid royalty to its associated enterprise at 2.51% on export sales. The rate was within the RBI-approved limit of 8% and below the Government of India-approved rate of 9.41% under the royalty agreement.

The Transfer Pricing Officer (TPO) restricted the royalty allowance to 1% of export sales, resulting in an arm's length price of ₹. 25.82 Lakhs and a consequent disallowance of ₹. 39.01 Lakhs. The lower authorities upheld the TPO's order. The matter reached before the Telangana High Court.

Decision of the Case : The High Court held that the reliance on regulatory approvals granted by the RBI and the Government of India was misplaced. The RBI approval concerns foreign exchange regulations and the remittability of foreign exchange. In contrast, the Government of India's approval under the erstwhile FERA/FEMA regime concerned broader policy considerations relating to technology transfer and industrial development. These approvals do not and were never intended to determine the arm's length price for income tax purposes under the transfer pricing provisions of the Income Tax Act.

The fact that a particular rate has been approved by regulatory authorities does not create any presumption that the same rate represents the arm's length price. The regulatory ceiling merely indicates the maximum permissible rate for regulatory compliance purposes, not the actual market-driven price that independent parties would negotiate.

An approval permitting payment of royalty up to 8% or 9.41% does not mean that any payment below such ceiling is automatically at arm's length. Further, the determination of arm's length price requires not merely a superficial comparison of royalty rates but a detailed functional analysis examining the nature and extent of services rendered, the value of intangibles transferred, the benefits derived by the recipient, the economic circumstances of the parties, and numerous other factors that may affect pricing in transactions between independent parties.

The TPO conducted a detailed examination of the royalty payments and concluded that the 2.51% rate was not an arm's-length price in light of the specific facts and circumstances of the assessee's case. The Tribunal also examined this determination and found no infirmity in the reasoning or methodology adopted by the Transfer Pricing Officer. The Tribunal's finding that the royalty of 1% of export sales represents the arm's length price is a finding of fact based on an appreciation of the evidence and materials on record. Thus, no substantial question of law arose for consideration.

Condonation of delay in return filing cannot be denied solely as return is labelled updated: HC

Facts of the Case : No.5565 Poolampatti Primary Agri Co-operative Credit Society Ltd. vs. Chief Commissioner of Income-tax (CCIT) [2026] (Madras)

The assessee, a primary agricultural cooperative society, filed a writ petition against the order rejecting its application to condone the delay in filing the return of income for the relevant assessment year. The assessee contended that the auditors' report was issued beyond the due date for filing the return of income for the relevant assessment year.

The assessee filed the application to condone the delay in filing the return of income for the relevant assessment year. The application was rejected by the Assessing Officer (AO) on the ground that the assessee failed to respond to the show-cause notice by providing a valid reason for the non-filing of the return of income.

Decision of the Case : The Madras High Court held that the certificate provided by the auditor was for the relevant assessment year, but it was issued after the due date for filing the return of income. The fact situation was substantially similar to that prevailing in the matter relating to Thakkanadu Sakthi Primary Agricultural Credit Society Limited (2026) (Madras).

Merely on the ground that the return of income was labelled as an updated return, the request for condonation of delay should not have been rejected. Therefore, the delay in filing the return of income was condoned.

Interest on borrowings to acquire controlling interest allowable on grounds of commercial expediency: SC

Facts of the Case : L.K. Trust vs. Commissioner of Income-tax [2026] (SC)

The assessee borrowed a sum of ₹. 3,80,00,000 from the Corporation Bank to purchase shares of Shaw Wallace and Company Limited pursuant to an Agreement. Under the said Agreement, the Company had committed to sell 7.80 lakh shares for a total consideration of ₹. 3,80,00,000. The assessee filed its return of income declaring a total income of ₹. 7,55,67,530.

The return was processed under section 143(1)(a), and later a notice was issued under Section 143(2). While passing the Assessment Order, the Assessing Officer (AO) noted that the assessee had availed a loan of ₹. 3,80,00,000 from the Corporation Bank and had paid interest of ₹. 21,74,234. However, the AO further noted that the amount had been transferred to Gayatri Holdings Private Limited, a group company, through the purchase of its shares, which in turn transferred the amount to one Shri G Venkateshwaran for the purchase of shares of Shaw Wallace and Company Limited.

In such circumstances, the AO took the view that the assessee was not entitled to claim a deduction under Section 36(1)(iii). Accordingly, the interest paid on the loan was disallowed. The matter reached the Supreme Court of India.

Decision of the Case : The Apex Court held that the provisions of Section 36(1)(iii) concern capital borrowed and not other debts or liabilities. A loan of money undoubtedly results in a debt, but not every debt involves a loan. Liability to pay a debt may arise from diverse sources, and a loan is one of such sources. The legislature has, under this clause, permitted as an allowance interest paid on capital borrowed for the purposes of the business; and the capital, in this context, means money and not any other asset purchased on credit.

The High Court took the view that the finding of the tribunal based on commercial expediency is incorrect. The High Court observed that the amount borrowed was ultimately utilised for the benefit of the subsidiary company of the assessee and not for the business of the assessee as such. The subsidiary company's business cannot be considered, in law, the assessee's business.

The High Court fell into error in taking the aforesaid view. The assessee had more than one source of income under the head 'business', as it derived income from moneylending, speculation, film distribution, and investment in shares. It is an admitted fact that the assessee trust has maintained only one common set of books of account, in which entries pertaining to the businesses of film distribution, moneylending, investments, speculation, etc., are incorporated. The management of the entire set of operations is vested in the trustees, as evidenced by the trust deed discussed earlier, and there is complete intermingling of funds.

To emphasise, it is the view that the assessee's business is also a composite one, in as much as it carries on several businesses, including investing in shares through its subsidiaries. Therefore, the assessee was eligible to claim a deduction in respect of the interest expenses under the aforesaid section.

Tax Calendar

Indirect Tax

July 10, 2026	GSTR-7 (June '26)
	GSTR-8 (June '26)
July 11, 2026	GSTR -1 (June '26)
July 13, 2026	GSTR-1 for Quarterly filers (April–June 2026.
	GSTR-5
	GSTR-6

Direct Tax

Due Date	Return
July 7th, 2026	Due date for the deposit of tax deducted/collected for the month of June 2026. However, all sums deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day on which tax is paid without production of an Income-tax Challan.
	Due date for deposit of TDS for the period April 2026 to June 2026, when the Assessing Officer has permitted quarterly deposit of TDS under section 392(1) or 393(1) [Table Sl. Nos. (1)(i) and (ii), and 5(ii) and (iii)] of the Income-tax Act, 2025.
	Uploading of declarations received in Form No. 127 (Income-tax Rules, 2026) from the buyer in the month of June, 2026
	Upload the declarations received from recipients in Form No. 121 (Income-tax Rules, 2026) during the quarter ending June, 2026
July 15th, 2026	Statement in Form 1 (Income-tax Rules 2026) by the stock exchange for the month of June, 2026, in respect of transactions in which client codes have been modified after registering in the system
	Issue of certificate in Form No. 132 (Income-tax Rules, 2026) under section 395(4) of the Income-tax Act 2025 for tax deducted at source under section 393(1) [Table Sl. No. 2(i), 3(i), 6(ii) & 8(vi)] of the Income-tax Act, 2025 in the month of May, 2026
	Furnishing of quarterly statement in Form 147 (Income-tax Rules, 2026) to be furnished by an authorised dealer in respect of remittances made for the quarter ending June 2026
	Furnishing of quarterly statement in Form 148 (Income-tax Rules, 2026) to be furnished by a unit of IFSC, as referred to section 147(1)(b) of the Income-tax Act, 2025, in respect of remittances made for the quarter ending June 2026
	Furnishing of statement in Form No. 92 (Income-tax Rules 2026) by the specified fund or stock broker in respect of a non-resident referred to in Rule 157 of the Income-tax Rules 2026 for the quarter ending June 30, 2026
	Due date for furnishing Form No. 137 (Income-tax Rules 2026) by an office of the Government where TDS/TCS for the month of June, 2026 has been paid without the production of a challan

E-PUBLICATIONS

Of

TAX RESEARCH DEPARTMENT

- Guide Book for GST Professionals
- Handbook for Certification for difference between GSTR-2A & GSTR - 3B
- Impact of GST on Real Estate
- Insight into Customs-Procedure & Practice
- Input Tax Credit and In depth Discussion
- Taxation on Co-operative Sector
- Guidance notes on Preparation and Filing of Form GSTR 9 and 9C
- Guidance Note on Anti Profiteering
- Handbook on GST on Service Sector
- Handbook on Works Contract under GST
- Handbook on Impact of GST on MSME Sector
- Assessment under the Income Tax Law
- Impact on GST on Education Sector
- International Taxation and Transfer Pricing
- Handbook on E-Way Bill
- Handbook on Filing of Returns
- Handbook on Special Economic Zone and Export Oriented Units

For E-Publications, Please Visit Taxation Portal
https://icmai.in/TaxationPortal/

TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/ registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

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