VERENDRA
KALRA & CO
CHARTERED ACCOUNTANTS

Communiqué

Indirect Tax

March 2026

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Inside this edition

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Notifications and Updates

GST Advisory: Linking Pre-Deposit Payments for Appeals

The GSTN on 14th March 2026, issued an advisory to clarifying that taxpayers who voluntarily pay amounts during investigation using Form GST DRC-03 must link those payments to the specific demand order before filing an appeal. Although such payments are valid, they are not automatically mapped to the Demand ID created when a demand order (like Form GST DRC-07) is issued, and therefore the GST portal does not recognize them as part of the mandatory pre-deposit. To resolve this, taxpayers must file Form GST DRC-03A, which links the DRC-03 payment to the relevant Demand ID in the electronic liability register. Once linked, the system counts the payment toward the pre-deposit requirement, preventing duplicate payments and ensuring smooth appeal filing. The advisory strongly recommends taxpayers complete this step before submitting appeals to avoid unnecessary complications.

Source : News

GST Advisory: Confirmation of Tax Liability Breakup in GSTR-3B

The GSTN on 16th March 2026, issued an advisory regarding the mandatory confirmation of the "Tax Liability Breakup, As Applicable" tab in Form GSTR-3B. Under Section 50 of the CGST Act, interest is payable if tax liability from a previous period is discharged in a later period. To capture this, the portal now auto-populates the breakup based on document dates reported in GSTR-1 / GSTR-1A / IFF whenever supplies of earlier tax periods are discharged in the current return. From the February 2026 tax period onwards, taxpayers must open this tab on the payment page, confirm or edit the breakup, and click SAVE before filing GSTR-3B. Although feedback suggests this confirmation should only be required when past-period supplies are involved, the portal currently mandates it in all cases. GSTN has acknowledged the issue and is working on a resolution, but until then taxpayers are advised to follow the interim procedure of confirming and saving the breakup each time before filing.

Source : News

Rulings

ISD Distribution of ITC Must Align with Section 16 Entitlement

In the case of **Reliance Jio Infocomm Ltd vs Union of India & Ors [WP No s .27038 and 28371 of 2025, dated 5th March 2026, the Hon'ble Madras High Court,** upheld the validity of Rule 39(1)(a) of the CGST Rules, 2017, clarifying that Input Service Distributors (ISD) must distribute Input Tax Credit (ITC) in the month when the registered person becomes entitled to it under Section 16(2), not merely on the basis of invoice issuance. The Court rejected Revenue's argument that distribution should occur upon receipt of invoice alone, emphasizing that ITC becomes distributable only after statutory conditions under Section 16(2) are fulfilled. It harmonized Rule 39 with Sections 16 and 20, stressing that distribution pertains to "credit" available in law, not just "invoice" details. The Court concluded that Rule 39(1)(a) is consistent with the statutory scheme and cannot be struck down, thereby reinforcing that ISD distribution is triggered only when ITC entitlement arises under Section 16.

Gujarat HC Allows Inter-State Transfer of Unutilized ITC on Amalgamation Despite GST Portal Restriction.

In the case of **Emerson Process Management (India) Pvt Ltd vs Union of India & Ors [R/SPECIAL CIVIL APPLICATION NO.7006 of 2024, dated 5th March 2026], the Hon'ble Gujarat High Court,** held that inter-state transfer of unutilized Input Tax Credit (ITC) is permissible upon a court-approved amalgamation when there is no prohibitory provision under GST law. The petitioner, engaged in manufacturing safety valves and registered in multiple States, had amalgamated with Pentair Valves and Controls India Pvt Ltd pursuant to an NCLT order transferring all assets and liabilities, including ITC. However, when the petitioner attempted to transfer such ITC by filing Form GST ITC-02 under Section 18(3) of the CGST Act read with Rule 41 of the CGST Rules, the GST portal rejected the request stating that the transferor and transferee must be in the same State. Relying on the statutory provisions and the Bombay High Court decision in Umicore Autocat India (P) Ltd, the Court quashed the portal rejection and observed that neither Section 18(3) nor Rule 41 restricts ITC transfer between entities located in different States. Holding that the portal-based restriction was contrary to the law, and noting that the ITC had already been transferred in the books as per the amalgamation scheme, the Court directed the GST authorities to accept Form ITC-02 manually and process the transfer of CGST ITC within six weeks until a suitable online mechanism is put in place.

Bombay HC Rules Cash Seizure Under GST as Illegal and Orders Refund with Interest

In the case of **Smurti Waghdhare vs Joint Director & Ors [WRIT PETITION NO. 839 OF 2025, dated 10th March 2026], the Hon'ble Bombay High Court** held that the CGST Act does not permit seizure of cash and that such seized cash cannot be handed over to the Income Tax Department for further proceedings. The Court quashed the seizure of ₹1 crore in cash carried out by DGGI officers from the assessee's residence through Form GST INS-02 and directed the immediate credit of the amount to the assessee's bank account along with applicable interest within two weeks. The Court ruled that Section 67(2) of the CGST Act empowers seizure only of goods, documents, books, or things relevant to GST proceedings, and cash does not fall within this scope. It further held that the officers acted in a perverse, arbitrary, and illegal manner as they failed to record the mandatory "reason to believe," which is the foundation for initiating seizure proceedings under Section 67(2). The Court also noted that no notice was issued within six months of seizure, mandating return of the seized items under the statute. Additionally, as the Revenue failed to dispute the assessee's ownership of the cash and produced no contrary evidence, the seizure was held to be wholly unjustified. Expressing shock, the Court strongly criticized the action of handing over the cash to the Income Tax Department, observing that the CGST Act provides no authority for such transfer, and concluded that cash seizure under GST law is entirely without authority of law.

GSTAT Upholds ₹450 Cr Profiteering by Tata Play for Not Passing GST Benefits to Subscribers

In the case of DG Anti Profiteering (DGAP) vs Tata Play Limited [NAPA/166/PB/2025, dated 11th March 2026], the Hon'ble GST Appellate Tribunal, Delhi confirmed that Tata Play Ltd. profiteered ₹450.18 crore by charging identical subscription prices in the pre-GST and post-GST periods despite a reduction in the overall indirect tax burden after introduction of GST. Upholding the DGAP's investigation report, the Tribunal noted that before GST, DTH services were subject to multiple central and state taxes with fragmented and limited input tax credit, whereas post-GST these levies were subsumed into a uniform 18% GST with seamless and full ITC, resulting in a net tax benefit to the company. Rejecting Tata Play's argument that the main tax rate rose from 15% Service Tax to 18% GST, GSTAT clarified that Section 171 of the CGST Act requires comparison of the total effective tax burden and not merely headline rates, and that subsummation of embedded taxes significantly reduced the overall incidence. The Tribunal further held that the benefit of such tax reduction was not passed on to consumers, that non-collection of entertainment tax earlier was a commercial lapse irrelevant to GST benefit calculation, and that pendency of constitutional challenge to Section 171 before the Supreme Court does not bar the Tribunal's jurisdiction in absence of a stay. Accordingly, GSTAT directed Tata Play to deposit the profiteered amount of ₹450.18 crore into the Central and State Consumer Welfare Funds in a 50:50 ratio within three months.

Source : Rulings

Karnataka HC Allows Section 74 Proceedings Based on Evidence Collected by Another Commissionerate

In the case of Additional Commissioner of Central Tax vs Vigneshwara Transport Company [WRIT APPEAL No. 101 OF 2025 (T-RES), dated 11th March 2026], the Hon'ble Karnataka High Court held that adjudication proceedings under Section 74 of the CGST Act can validly be initiated on the basis of evidence collected during a Section 67 search by another Commissionerate which may not have territorial jurisdiction. The Court ruled that neither Section 67 (search and seizure) nor Section 74 (determination of tax in cases of fraud or suppression) contains any express prohibition on the use of material gathered during an allegedly illegal or jurisdictionally defective search. In the present case, the Mangaluru Commissionerate, during investigation, unearthed documents indicating manipulation of invoices, e-way bill fraud and clandestine removal of goods to evade GST, which were subsequently shared with the Bengaluru Commissionerate having jurisdiction to issue the show cause notice under Section 74. Setting aside the single-judge order that had quashed the SCN on the ground of "borrowed satisfaction" and lack of jurisdiction in search, the Court held that proceedings under Section 74 are an independent adjudicatory mechanism and are not contingent upon the legality of action under Section 67. Relying on the Supreme Court's ruling in Pooran Mal (Income-tax Act), the Court observed that exclusion of evidence obtained through illegal search is not a rule of law but only a rule of prudence, and as long as all materials relied upon are furnished to the assessee to ensure principles of natural justice, writ-court interference at the SCN stage would be premature.

Gujarat HC Rejects Confiscation Challenge for Lack of Locus Standi.

In the case of **Nitin Hiralal Jain vs State Tax Officer (2), Mobile Squad, Enforcement-7, Surat & Anr [R/SPECIAL CIVIL APPLICATION NO. 2753 of 2026, dated 9th March 2026], the Hon'ble Gujarat High Court** dismissed the writ petition challenging issuance of Form GST MOV-10 proposing confiscation of goods and conveyance under Section 130 of the CGST Act, primarily on the ground that the petitioner failed to establish locus standi. The Court noted that the e-way bill reflected movement of goods from Maharashtra to Gujarat, whereas the petitioner was a Delhi-registered dealer, and the transaction was not structured as a "bill-to-ship" model, thereby creating serious doubt about any nexus between the petitioner and the consignment. The petitioner had challenged the detention (MOV-06) and confiscation proceedings arising from interception of scrap material belonging to S.S. Scrap moving from Pune to Gujarat, arguing that all documents were valid, no discrepancy was found on physical verification, and confiscation was invoked mechanically without intent to evade tax. The Revenue, however, pointed out suspicious circumstances including document discrepancies, multiple e-way bills linked to the same vehicle, and questioned the petitioner's very entitlement to challenge the proceedings. Relying on the Supreme Court judgment in Shiv Enterprises, the High Court held that interference at the stage of a show-cause notice under Section 130 is premature, and adjudication must be allowed to run its course. Further relying on its earlier ruling in Panchhi Traders, the Court reiterated that confiscation provisions can be validly invoked where surrounding circumstances indicate intent to evade tax, such as forged or doubtful documentation, and accordingly dismissed the petition.

Karnataka HC Holds 2-Year GST Refund Limitation Mandatory but Allows Limited Writ Remedy for Condonation.

In the case of Assistant Commissioner of Central Taxes & Ors. v. Merck Life Science Pvt. Ltd. [WRIT APPEAL No. 119 OF 2026 (T-RES), dated 17th March 2026], the Hon'ble Karnataka High Court partly allowed the Revenue's writ appeals by holding that the two-year limitation period prescribed under Section 54 of the CGST Act for filing refund claims is mandatory and not directory, while at the same time recognising a limited remedy under Article 226 of the Constitution to condone delay in deserving cases. The assessee had paid IGST on export of services but later realised that it was acting as an intermediary, paid CGST and SGST accordingly, and sought refund of IGST paid under a mistake of law; however, the refund was rejected as time-barred. Reversing the Single Judge's view that the limitation was merely directory, the High Court held that GST is a strict, time-bound statutory regime and relaxing the limitation under Section 54 without corresponding extension of timelines under Sections 73 and 74 would disrupt the statutory scheme. The Court clarified that the use of the word "may" in Section 54 does not automatically make the provision directory and must be interpreted in context. At the same time, it held that to avoid undue harshness where no statutory mechanism for condonation exists, writ jurisdiction under Article 226 can be invoked in appropriate cases, drawing guidance from Section 119 of the Income-tax Act. Laying down guiding principles, the Court ruled that condonation must be case-specific and balanced with corresponding protection to the Revenue. Applying these principles, the Court condoned the delay of six months beyond the extended period since double taxation was admitted and refund entitlement was undisputed, and directed the authorities to process the refund claim on merits within sixty days.

Tamil Nadu AAR Allows ITC on Night-Shift Transport for Women Employees Subject to Statutory and Time Limits.

In the case of In the matter of AGS Health Private Limited [Advance Ruling No. 18/ARA/2026, dated 4th March 2026], the Hon'ble Tamil Nadu Authority for Advance Ruling held that input tax credit (ITC) on leasing, renting or hiring of motor vehicles used for providing safe transportation to female employees working night shifts is admissible from 28 May 2019, provided the conditions under Section 16 of the CGST Act are fulfilled. The applicant, an ITES/BPO company operating in multiple shifts, was statutorily required under the Tamil Nadu Shops and Establishments Act, 1947 read with the relevant Government notification to provide secure conveyance to women employees working between 8:00 PM and 6:00 AM. While Section 17(5)(b) of the CGST Act generally blocks ITC on motor vehicle hiring services, the AAR relied on the proviso thereto—introduced to allow ITC where provision of such service is obligatory under any law—and CBIC Circular No. 172/04/2022-GST to hold that ITC is available in such cases. The AAR observed that the transportation facility is integral to business operations and statutory compliance and that no cost is recovered from employees. However, it clarified that ITC is strictly limited to transportation provided only to women employees during the specified night-shift hours and not to other employees or non-mandated periods. On the time aspect, it ruled that ITC is available only from 28 May 2019, being the date when the statutory obligation came into force under state law, and not from 1 February 2019, the date of insertion of the proviso. Further, rejecting the applicant's claim for ITC beyond the prescribed time limit, the AAR held that Section 16(4) is a substantive statutory provision and not merely procedural, and that ITC cannot be availed beyond the time limit unless expressly permitted under the Act, thereby partly ruling in favour of the applicant with restricted and time-bound eligibility.

Source : Rulings

Bombay HC Quashes GST Refund Rejection for Violating Mandatory 15-Day Reply Rule

In the case of **Golden Cryo Pvt. Ltd. vs Union of India & Ors. [WRIT PETITION NO. 1268 OF 2026, dated 12th March 2026], the Hon'ble Bombay High Court** held that rejection of a GST refund claim without granting the mandatory 15 days to reply under Rule 92(3) and without affording personal hearing is illegal and violative of natural justice. The Court noted that the department issued a show cause notice allowing only 7 days to respond, ignored the assessee's email reply and request for hearing, and hurriedly passed the rejection order merely because the reply was not uploaded on the portal. Emphasising that statutory timelines and hearing requirements cannot be diluted for administrative convenience, the Court quashed the rejection order and directed fresh adjudication after issuing proper notice, granting adequate time and opportunity of hearing, with all issues kept open.

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Tamil Nadu AAR Holds IMA Subscriptions and Member Seminars Taxable Under GST

In the case of The Coimbatore Branch of Indian Medical Association [Advance Ruling No. 16/ARA/2026, dated 3rd March 2026], the Hon'ble Tamil Nadu Authority for Advance Ruling held that the Indian Medical Association (IMA), Coimbatore Branch is liable to pay GST on membership subscriptions collected from its members and on services such as organizing educational seminars and workshops for doctors. The AAR ruled that these activities fall within the definition of "business" under Section 2(17)(e) of the CGST Act and qualify as "supply" under Section 7(1) (aa), as services are provided by the association to its members. The authority rejected the applicability of the principle of mutuality, relying on the explanation to Section 7(1) (aa), which treats the association and its members as separate persons for GST purposes. While the applicant argued that its primary objective is to provide healthcare services and conduct free medical camps—which are generally exempt from GST—the AAR clarified that each activity must be examined independently, and educational seminars, workshops, and subscription-based member services are taxable and not covered by any exemption. It further observed that even non-profit or professional activities carried out without pecuniary motive may still qualify as "business" under GST law, and the charitable or ultimate healthcare objective does not affect the taxability of otherwise taxable supplies made to members.

Source : Rulings

Tamil Nadu AAR Holds Waste Dump Site Remediation Taxable at 18% but Exempt as Pure Services to Government Authority.

In the case of **Gorantla Geosynthetics Ltd [Advance Ruling No. 19/ARA/2026, dated 4th March 2026], the Hon'ble Tamil Nadu Authority for Advance Ruling held that services** relating to remediation of waste dump sites through bio-mining—including excavation, screening, segregation and scientific disposal of legacy waste—are classifiable under SAC 9994 as waste treatment and site remediation services, ordinarily liable to GST at 18%. However, the AAR ruled that these services are exempt in the hands of the applicant as they qualify as "pure services" when provided to a Governmental Authority. The applicant, engaged in environmental management solutions, was executing contracts for Goa Waste Management Corporation (GWMC) involving processing of approximately 38,360 cubic meters of legacy waste into RDF, compost, grit and inert material. While noting that the scope of work goes beyond mere remediation and squarely falls under Heading 9994, the AAR examined the exemption under Sr. No. 3 of Notification No. 12/2017-CT (Rate) and held that the services involve no transfer of goods and are carried out entirely through manpower deployment. It further held that GWMC qualifies as a Governmental Authority since it is established under a State Act to perform municipal functions such as solid waste management under Article 243W of the Constitution, and that remediation of legacy waste directly relates to public health, sanitation and municipal functions. Accordingly, the AAR concluded that although the services are otherwise taxable at 18%, they are exempt as pure services provided to a Governmental Authority, while declining to rule on questions not directly relating to the applicant's supply.

Source : Rulings

Gauhati HC Holds Genuine GSTR-1 / GSTR-3B Mismatch Not Recoverable as “Self-Assessed Tax”

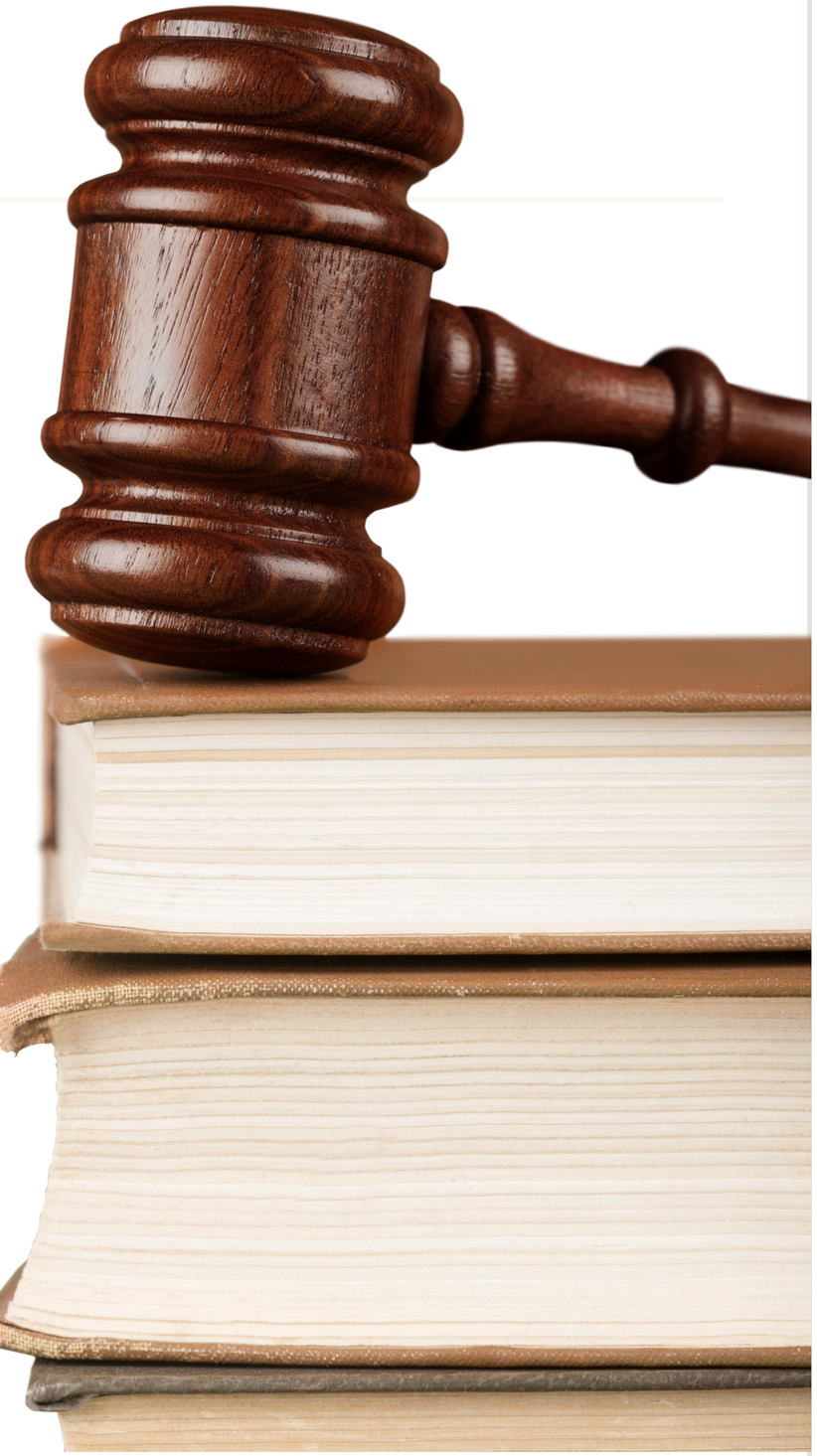
In the case of **ITI Ltd. vs Union of India & Ors [WP(C)/150/2024, dated 20th March 2026], the Hon’ble Gauhati High Court set** aside the demand order passed under Section 73 for FY 2018-19, holding that a mismatch between GSTR-1 and GSTR-3B arising due to bona fide clerical or reporting errors cannot be automatically treated as “self-assessed tax” for recovery under Section 75(12) without following the due process prescribed under Rule 88C. The assessee had mistakenly reported GST at 18% instead of the applicable 12% in GSTR-1 for certain invoices and had also incorrectly reflected a credit note, while correctly disclosing the details in GSTR-3B, invoices and annual return (GSTR-9). Despite this reconciliation, the department proceeded to recover the differential tax with interest purely based on GSTR-1, without issuing any intimation or granting an opportunity to explain the mismatch. The Court held that where discrepancies arise from apparent bona fide errors, the department must first seek an explanation under Rule 88C and cannot mechanically invoke Section 75(12). Reiterating that tax can be levied only at the legally applicable rate and not based on incorrect reporting, the Court ruled that recovery at 18% was unsustainable when the applicable rate was 12%. On the issue of ITC denial, the Court further held that the retrospective insertion of Section 16(5) overrides the limitation under Section 16(4), allowing ITC for FYs 2017-18 to 2020-21 where returns were filed up to 30 November 2021. Accordingly, the impugned order was quashed and liberty was granted to the assessee to submit its explanation with supporting documents within 30 days.

Tamil Nadu AAR Holds E-Commerce Transport Platform Not a GTA; GST Payable on Commission with TCS Obligation

In the case of **A V Cargo Migrators LLP [Advance Ruling No. 20/ARA/2026, dated 5th March 2026], the Hon’ble Tamil Nadu Authority for Advance Ruling** held that an e-commerce platform facilitating connections between transporters and customers does not qualify as a Goods Transport Agency (GTA) and is instead an “electronic commerce operator” under the CGST Act. The AAR observed that the applicant neither undertakes transportation of goods nor issues consignment notes, which is an essential requirement for GTA classification, and therefore cannot claim exemption available to GTAs under Sr. No. 18 of Notification No. 12/2017-CT(R). It further held that the applicant’s services are not covered under Notification No. 17/2017-CT(R), making Section 9(5) (which shifts tax liability to the operator) inapplicable. Rejecting the applicant’s claim of acting as an agent or “pure agent” under Rule 33 due to non-fulfilment of contractual and statutory conditions, the AAR concluded that the applicant merely facilitates the supply and earns commission from transporters, which constitutes taxable consideration. Accordingly, the applicant is liable to pay GST on such commission and must also comply with Section 52 by collecting Tax Collected at Source (TCS) at prescribed rates on supplies made through its platform, irrespective of whether payment is routed through the platform or made directly to the transporter, thereby partly ruling in favour of the applicant with clear tax and compliance obligations.

Source : Rulings

Gujarat HC Holds Mandatory Personal Hearing Under Section 75(4) Cannot Be Waived by Assessee's Option



In the case of **Gurukrupa Tradelink Private Limited vs State of Gujarat & Anr. [R/SPECIAL CIVIL APPLICATION NO. 6483 of 2024, dated 18th March 2026], the Hon'ble Gujarat High Court** held that the statutory mandate under Section 75(4) of the CGST Act to grant personal hearing before passing an adverse order cannot be overridden merely because the assessee opted "No" for personal hearing while replying to the show cause notice. The Court noted that after issuance of SCN, the assessee filed its reply in Form GST DRC-06 and selected the option of "No" for personal hearing, yet the adjudicating authority proceeded to pass the order on the very next date after granting only one opportunity of hearing. Observing that Section 75(4) requires the authority to afford three opportunities of personal hearing before passing an order prejudicial to the assessee, the Court held that the assessee's option cannot dilute or nullify the statutory safeguard provided by law. The Court further remarked that the authority should not have concluded the proceedings at the very first hearing, especially after rejecting the submissions made by the assessee. Emphasising principles of natural justice and relying on the judgment in Yadav Trailor Transport Co., the High Court quashed the impugned order and remanded the matter to the authorities with a direction to pass a fresh order after granting due opportunity of personal hearing, within a period of twelve weeks.

Source : Rulings

Customs

Import Permission for SBER Bank

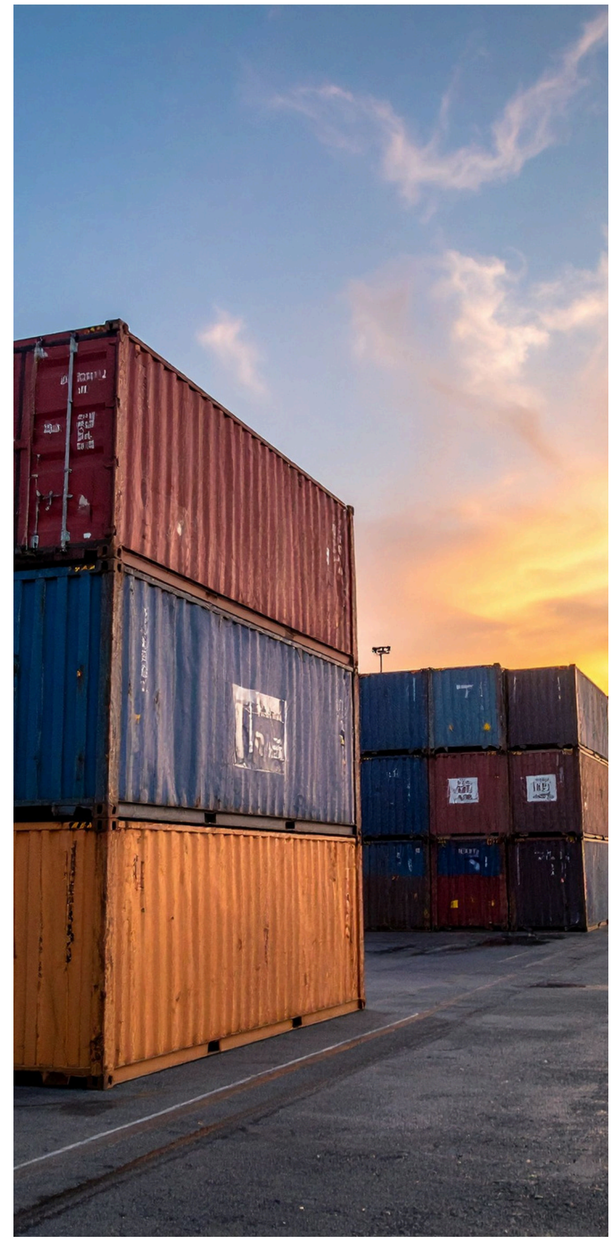
The **CBIC, through Notification No. 06/2026-Customs dated 12th March 2026, amended the earlier Notification No. 45/2025-Customs.** In this amendment, SBER Bank has been added to List 14 of Table I, with imports allowed only for domestic consumption. This permission is valid from 25th June 2025 until 31st March 2026. The notification was issued under Section 25 of the Customs Act, 1962 and Section 3(12) of the Customs Tariff Act, 1975, in the public interest. It clarifies that the principal notification of October 2025, last amended in February 2026, now stands updated to include this specific entry.

Source : Rulings

Exemption on Aviation Turbine Fuel (ATF)

The **CBIC, through Notification No. 07/2026-Customs dated 26th March 2026, has exempted Aviation Turbine Fuel (ATF),** classified under heading 2710 of the Customs Tariff Act, 1975, from the whole of the additional duty of customs that is equivalent to the Special Additional Excise Duty under Section 147 of the Finance Act, 2002. This exemption has been introduced in the public interest and comes into force with immediate effect. This measure is expected to reduce the cost burden on the aviation sector by removing the additional customs duty component, thereby supporting airlines and potentially lowering operational expenses.

Source : Rulings



Payment Aggregators Added to Customs Electronic Cash Ledger

The CBIC, through Notification No. 30/2026-Customs (N.T.) dated 24th March 2026, has amended the Customs (Electronic Cash Ledger) Regulations, 2022. The key change is the inclusion of “payment aggregator” as an additional mode of payment for customs transactions. Specifically, Regulation 3 has been updated to allow payments not only via internet banking through authorized banks but also through payment aggregators. This amendment, effective immediately upon publication in the Gazette, expands the options available to taxpayers for settling customs liabilities, making the process more flexible and user-friendly.

Source : Rulings

Revised Tariff Values for Key Commodities

The **CBIC, through Notification No. 32/2026-Customs (N.T.) dated 30th March 2026, has amended the long-standing Notification No. 36/2001-Customs (N.T.)** by substituting new Tables 1, 2, and 3 that prescribe updated tariff values for certain imports. The changes include revised values for crude palm oil, RBD palm oil, palmolein (crude and refined), crude soybean oil, and brass scrap under Table-1. Table-2 updates tariff values for gold and silver in various forms, including bars, coins, and medallions, with gold fixed at USD 1450 per 10 grams and silver at USD 2201 per kilogram. Table-3 maintains the tariff value for areca nuts at USD 7020 per metric tonne. These revised values take effect from 31st March 2026 and are intended to align customs valuation with prevailing international prices, ensuring consistency in duty assessment.

Source : Rulings

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