

Communiqué

Indirect Tax

September 2026



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Notifications and Updates

GST Portal Now Permits Filing of Appeals Against NIL or Zero Demand Orders

GSTN vide Advisory No. 671 dated 07.09.2026 has enabled taxpayers to file appeals against orders reflecting NIL or Zero Demand on the GST Portal. Earlier, where a taxpayer had paid the disputed tax before issuance of the order, the portal did not permit filing of Form GST APL-01, despite the taxpayer disagreeing with the demand or findings recorded in the order.

With this enhancement, taxpayers can now exercise their appellate rights even when no demand remains outstanding. This removes a significant procedural hurdle and ensures that payment of tax before adjudication does not deprive a taxpayer of the opportunity to challenge the order on merits.

Taxpayers should review any such orders and take timely action, as the statutory limitation period for filing appeals continues to apply. This is a welcome change that strengthens access to appellate remedies under GST.

[Source : News](#)

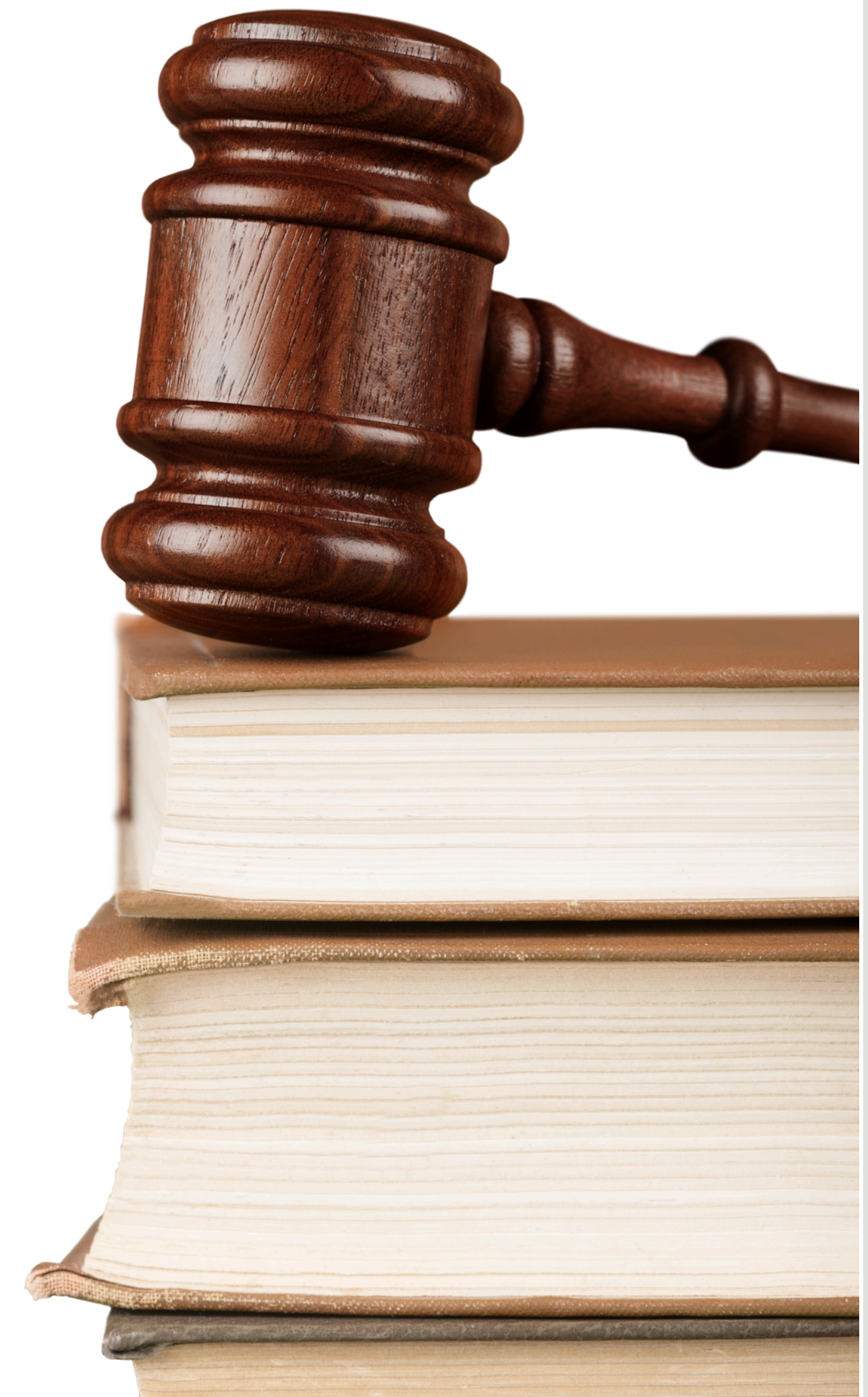
GSTN Releases emSigner Version 3.3 for New Digital Signature Tokens

GSTN has released emSigner Version 3.3 to support the new generation of Digital Signature Certificate (DSC) tokens being issued from 21.09.2026 onwards. As these tokens are based on enhanced security standards, older versions of emSigner may not function with the newly issued DSC tokens.

Taxpayers whose existing DSC tokens are functioning properly are not required to take any action and may continue using their current emSigner version. However, taxpayers obtaining a new DSC token on or after 21.09.2026, whether for a fresh issuance or renewal, should install emSigner Version 3.3, which is available for download on the GST Portal. The updated version is also compatible with existing tokens and may help resolve issues relating to DSC detection and digital signing.

Before installing the new version, taxpayers should ensure that their systems are running on a 64-bit operating system and Java Version 1.8, as higher Java versions are currently not supported. This update is aimed at ensuring seamless DSC-based authentication and uninterrupted GST compliance on the GST Portal.

[Source : News](#)





Rulings

GST Rate Reduction Must Reach the Customer on Cinema Ticket Pricing

In the case of **DGAP, DG Anti-Profiteering, Director General of Anti-Profiteering vs. Devi** [NAPA/10/PB/2025 dated 19.09.2026], the **GSTAT, New Delhi** held that a cinema operator had failed to pass on the benefit of the reduction in GST rate on cinema admission tickets to customers, thereby violating the anti-profiteering provisions under Section 171 of the CGST Act, 2017.

The GST rate on cinema tickets priced at Rs. 100 or less was reduced from 18% to 12% with effect from 01.01.2019. However, the investigation revealed that instead of reducing the ticket price, the operator increased the base price and retained the final price payable by customers at the same level. Consequently, the benefit arising from the GST rate reduction was not passed on to consumers.

The Tribunal held that the conduct amounted to profiteering and directed the operator to deposit the profiteered amount, along with the applicable GST and interest at 18% per annum. The ruling reaffirms that any reduction in GST rates must result in a commensurate reduction in prices for consumers. Further, similar decisions in the cinema industry have clarified that State-imposed ticket price caps do not dilute the obligation to pass on the benefit of tax reductions to customers.

ITC Mismatch Alone Cannot Justify Suspension of GST Registration

In the case of **Termico Engineers & Erectors Pvt. Ltd. vs. Deputy Commissioner of Revenue, State Tax, Baharampur Charge & Ors.** [WPA 18141 of 2026 dated 15.09.2026], the **Calcutta High Court** held that a mismatch between ITC claimed in GSTR-3B and the details reflected in the auto-populated GST statements cannot, by itself, be a sufficient ground for suspension of a taxpayer's GST registration.

The registration of the taxpayer had been suspended solely on account of an ITC discrepancy without any verification at the supplier's end. The Court observed that such mismatches may arise due to reasons beyond the recipient's control, including non-filing of returns or incorrect reporting of invoices by suppliers. Therefore, a mere ITC mismatch cannot be treated as conclusive evidence of wrongful availment of credit by the recipient.

The Court held that before resorting to drastic actions such as suspension or cancellation of registration, the department must conduct a proper inquiry and verify the factual position with the supplier. Emphasizing that suspension of registration can severely impact business operations, the Court set aside the suspension order and restored the taxpayer's GST registration. The ruling reinforces the principle that adverse action cannot be taken mechanically based solely on system-generated discrepancies without adequate verification and due process.



Tax, Interest and Penalty Demand Cannot Be Confirmed Without Issuance of Show Cause Notice

In the case of **Partha Tribedi, Proprietor, M/s Tribedi Enterprise vs. Vivek Ranjan, Assistant Commissioner [Appeal No. APL/115/KLK/2026 dated 22.09.2026]**, the **GSTAT, Kolkata** held that a demand for tax, interest, and penalty cannot be sustained where the department has failed to issue a show cause notice to the taxpayer prior to adjudication.

The Tribunal observed that issuance of a show cause notice is a mandatory requirement under the GST law, as it informs the taxpayer of the allegations, the basis of the proposed demand, and provides an opportunity to submit explanations and supporting evidence. In the present case, the demand was confirmed without service of a show cause notice, thereby depriving the taxpayer of a reasonable opportunity to defend its case.

The Tribunal held that such action is contrary to the statutory procedure prescribed under the GST law and violates the principles of natural justice. Accordingly, the demand order was set aside as legally unsustainable. The ruling reiterates that compliance with due process is a prerequisite for determination and recovery of any tax liability under the GST regime.



Two-Year Limitation for Flood Cess Refund Runs from Date of Correct Payment

In the case of **Narayanan Manikantan & Co. vs. State Tax Officer & Ors. [WP(C) No. 5521 of 2026 dated 01.09.2026]**, the **Kerala High Court** held that where **Kerala Flood Cess (KFC)** was mistakenly paid through **GSTR-3B** instead of the prescribed **Form KFC-A**, the two-year limitation period for claiming a refund under **Section 54** of the **CGST Act, 2017** would commence from the date on which the cess was subsequently paid in the correct manner.

The petitioner had inadvertently paid Kerala Flood Cess for the period from August 2019 to May 2020 through **GSTR-3B** and thereafter remitted the cess through the prescribed mechanism. Subsequently, a refund application was filed on **30.07.2025** seeking refund of the amount earlier paid erroneously. The department rejected the claim on the ground that it was time-barred, reckoning the limitation period from the date of the original payment through **GSTR-3B**.

The High Court set aside the departmental view and held that the right to seek refund arises only when the amount is paid into the correct account in accordance with the prescribed procedure. Relying on its earlier decisions, the Court held that the limitation period for claiming refund must be computed from the date of proper payment and not from the date of the erroneous remittance. Accordingly, the refund claim was held to be filed within the prescribed time limit.

Water Pipeline Works for IIT Kharagpur Liable to GST at 18%

In the case of **Jaypee Projects Limited [WBAAR 04 of 2026-27 dated 09.09.2026]**, the **West Bengal Authority for Advance Ruling (AAR)** held that works contract services relating to the laying of a water pipeline for IIT Kharagpur are classifiable under SAC 995429 and liable to GST at the rate of 18%.

The applicant contended that since the project was being executed for an educational institution of national importance, the supply should qualify for a concessional GST rate. However, the Authority observed that the nature of the activity involved the construction of a water pipeline and was appropriately classifiable under the residual entry covering other civil engineering construction services. It further held that the status of the recipient, by itself, does not determine the applicable GST rate.

Accordingly, the AAR ruled that the works contract service is taxable at the standard rate of 18% GST. The ruling highlights that the GST rate applicable to works contracts depends primarily on the nature and classification of the work undertaken rather than the identity or status of the recipient institution. Contractors executing projects for educational institutions or government bodies should therefore carefully evaluate the classification and taxability of their contracts before pricing and invoicing such supplies.



Punjab & Haryana High Court Grants Bail in Rs. 156 Crore Online Gaming GST Evasion Case

In the case of **Navinder Singh Sahdev vs. Directorate General of GST Intelligence [CRM-M-35651 of 2026 (O&M) dated 07.09.2026]**, the **Punjab & Haryana High Court** granted regular bail to two individuals accused in a GST evasion case involving an alleged tax liability of approximately Rs. 156 crore arising from online real-money gaming activities.

The DGGI, Chandigarh alleged that the petitioners were involved in operating a multi-layered network that supplied online money-gaming services, including games such as Teen Patti and Rummy, through various sham and dummy entities. It was further alleged that taxable gaming receipts were suppressed by declaring only commission income in GST returns, thereby resulting in substantial GST evasion.

While opposing the bail applications, the department emphasized the magnitude of the alleged tax evasion, the petitioners' purported role in the operation, and the use of multiple dummy entities. However, the petitioners contended that they had cooperated with the investigation and that continued detention was unwarranted as the investigation had already been completed.

Taking into consideration the completion of the investigation and the fact that the alleged offences were triable by a Magistrate, the High Court granted regular bail to the petitioners. The ruling reiterates that the grant of bail must be assessed on established legal principles, including the stage of investigation and the necessity of continued custody, notwithstanding the seriousness of the allegations involved.

Pre-Deposit Does Not Automatically Unblock ITC Blocked Under Rule 86A

In the case of **Peersaly Mohamed Yousuff vs. The Assistant Commissioner (ST) (RAL) & Anr.** [WP No. 33986 of 2026 dated 03.09.2026], the Madras High Court held that filing a GST appeal and making the mandatory pre-deposit under Section 107 protects the taxpayer from recovery of the disputed demand but does not automatically result in the unblocking of the electronic credit ledger blocked under Rule 86A of the CGST Rules, 2017.

The petitioner's electronic credit ledger had been blocked under Rule 86A on account of alleged ineligible ITC availed from a particular supplier. After filing appeals against the demand orders and making the prescribed pre-deposit through the electronic cash ledger, the petitioner contended that the deemed stay available under Section 107(7) required the blocked credit ledger to be released.

The Court rejected this contention and held that while payment of the prescribed pre-deposit results in a deemed stay of recovery of the balance disputed demand, such protection is limited to recovery proceedings. A Rule 86A blocking order operates independently and continues to remain effective unless separately revoked or set aside. Accordingly, the Court clarified that taxpayers seeking release of blocked ITC must pursue remedies available under Rule 86A and cannot rely solely on the filing of an appeal and payment of pre-deposit. The ruling highlights the distinction between appellate protection against recovery and the independent operation of ITC blocking provisions under GST law.

ITC Mismatch Between GSTR-2A and GSTR-3B Is Not Conclusive Proof of Wrongful Availment

In the case of **Peekay Industries vs. Commissioner of Commercial Taxes, Karnataka** [APL/34/BUR/2026 dated 03.09.2026], the GSTAT, Bengaluru Bench held that a mismatch between ITC claimed in GSTR-3B and the credit reflected in GSTR-2A is merely a trigger for investigation and cannot, by itself, be treated as conclusive evidence of ineligible or excess availment of Input Tax Credit (ITC).

The department had compared the taxpayer's GSTR-3B and GSTR-2A for FY 2019-20, treated the difference as excess ITC, and raised a demand. The taxpayer contended that under certain tax heads, the ITC actually availed was lower than the credit reflected in GSTR-2A. The Tribunal observed that while officers are entitled to examine discrepancies, they must verify the underlying invoices, books of accounts, and supplier records before concluding that the credit was wrongly availed.

The Tribunal further noted that GSTR-2A was only an auto-generated and facilitative statement during the relevant period and that the statutory condition relating to matching of ITC under Section 16(2)(aa) became effective only from 01.01.2022. Accordingly, a discrepancy in GSTR-2A alone does not establish that the supplier failed to discharge tax or that the recipient is ineligible for credit. The Tribunal also held that a demand cannot be confirmed on grounds not proposed in the show cause notice. Consequently, the matter was remanded for fresh adjudication with directions to undertake invoice-wise and supplier-wise verification after granting the taxpayer a proper opportunity of hearing.

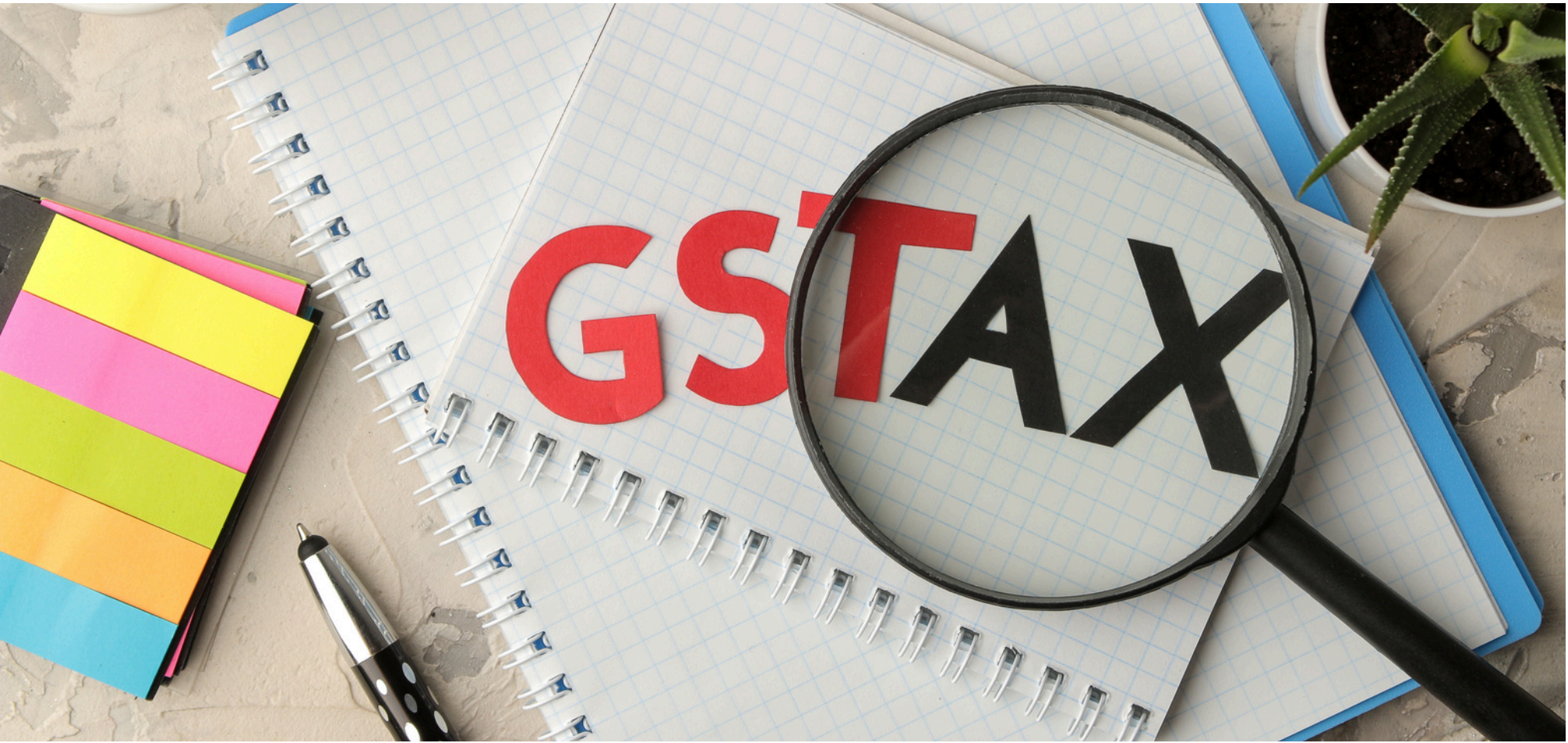


GST Not Payable on Compensation Received for Compulsory Acquisition of Land

In the case of **Savithramma vs. The Deputy Commissioner [Writ Petition No. 26585 of 2026 (LA-RES) dated 25.08.2026]**, the **Karnataka High Court** held that compensation received on account of the compulsory acquisition of land and structures by the Government is not liable to GST. Accordingly, the Court quashed the GST deduction made from the compensation awarded to the landowner.

The petitioner had been awarded compensation of approximately Rs. 1.21 crore for land and structures acquired for a national highway project. However, the authorities deducted GST at 18% from the compensation before disbursing the amount. The petitioner challenged the deduction on the ground that compulsory acquisition of property under statutory powers does not constitute a supply of goods or services under the GST law.

The High Court accepted the petitioner's contention and held that compulsory acquisition by the State is not a taxable supply under the CGST Act. The Court observed that the authorities were unable to identify any provision under the GST law authorizing levy of GST on compensation arising from compulsory acquisition. Relying on judicial precedents, the Court further directed refund of the GST amount deducted, along with interest at 15% per annum from the date of the award until payment. The ruling reinforces the principle that compensation received for compulsory acquisition of property is not subject to GST merely because the acquisition includes structures standing on the land.



Real Estate Profiteering Methodology Must Be Fair, Reasonable and Project-Specific

In the case of **LICHFL Care Homes Limited vs. Director General of Anti-Profiteering, CBIC & Ors. [W.P.(C) 13665/2026 dated 28.09.2026]**, the **Delhi High Court** upheld the determination of profiteering by the GSTAT, affirming that the petitioner had profiteered Rs. 2.07 crore in its Jeewan Anand housing project. The Court emphasized that while there is no prescribed statutory formula for computing profiteering in real estate projects, the methodology adopted must be fair, reasonable, and capable of accurately transferring the benefit of additional ITC to homebuyers.

The matter had earlier been remanded following the Court's decision in **Reckitt Benckiser India Pvt. Ltd.**, wherein the turnover-based ITC comparison methodology was found unsuitable for real estate projects. Pursuant to the remand, the authorities computed the additional ITC benefit at the project level and apportioned the benefit across the total saleable area, resulting in a quantified benefit of approximately Rs. 76.9 per square foot for homebuyers.

Rejecting the petitioner's challenge, the Court held that its earlier ruling did not prohibit all pre-GST and post-GST comparisons, but only disapproved of the turnover-based approach. The revised methodology, based on actual project-level savings and area-wise distribution, was found to be consistent with the anti-profiteering provisions under GST. The Court further clarified that profiteering benefits must be determined based on actual credits availed and not on hypothetical credits that could have been claimed. The ruling reinforces that anti-profiteering calculations in the real estate sector must be driven by a reasonable and project-specific methodology that effectively passes the benefit of tax credits to homebuyers.



GST Law Does Not Permit a Single Show Cause Notice for Multiple Financial Years

In the case of **Mehadia & Sons vs. Assistant Commissioner of CGST & Central Excise [Writ Petition No. 4844 of 2026 dated 28.08.2026]**, the **Bombay High Court** held that a single show cause notice issued under Section 74 of the CGST Act, 2017 covering multiple financial years is not sustainable in law. The Court quashed both the consolidated notice and the adjudication order passed thereon.

The DGGI had issued a single notice covering the period from April 2018 to March 2023. The Court observed that the GST framework is structured on a financial year basis, with each year having its own annual return, due dates, and limitation period prescribed under Sections 73 and 74 of the Act. Combining multiple years in a single notice effectively merges distinct limitation periods and impairs the taxpayer's ability to address year-specific facts, records, and eligibility issues.

Accordingly, the Court held that separate financial years require independent examination and separate proceedings. While granting liberty to the department to initiate fresh proceedings, the Court clarified that any such notices must be issued year-wise and within the limitation period applicable to the respective financial year. The ruling provides an important procedural safeguard for taxpayers and highlights the need for strict adherence to the statutory framework governing GST adjudication proceedings.



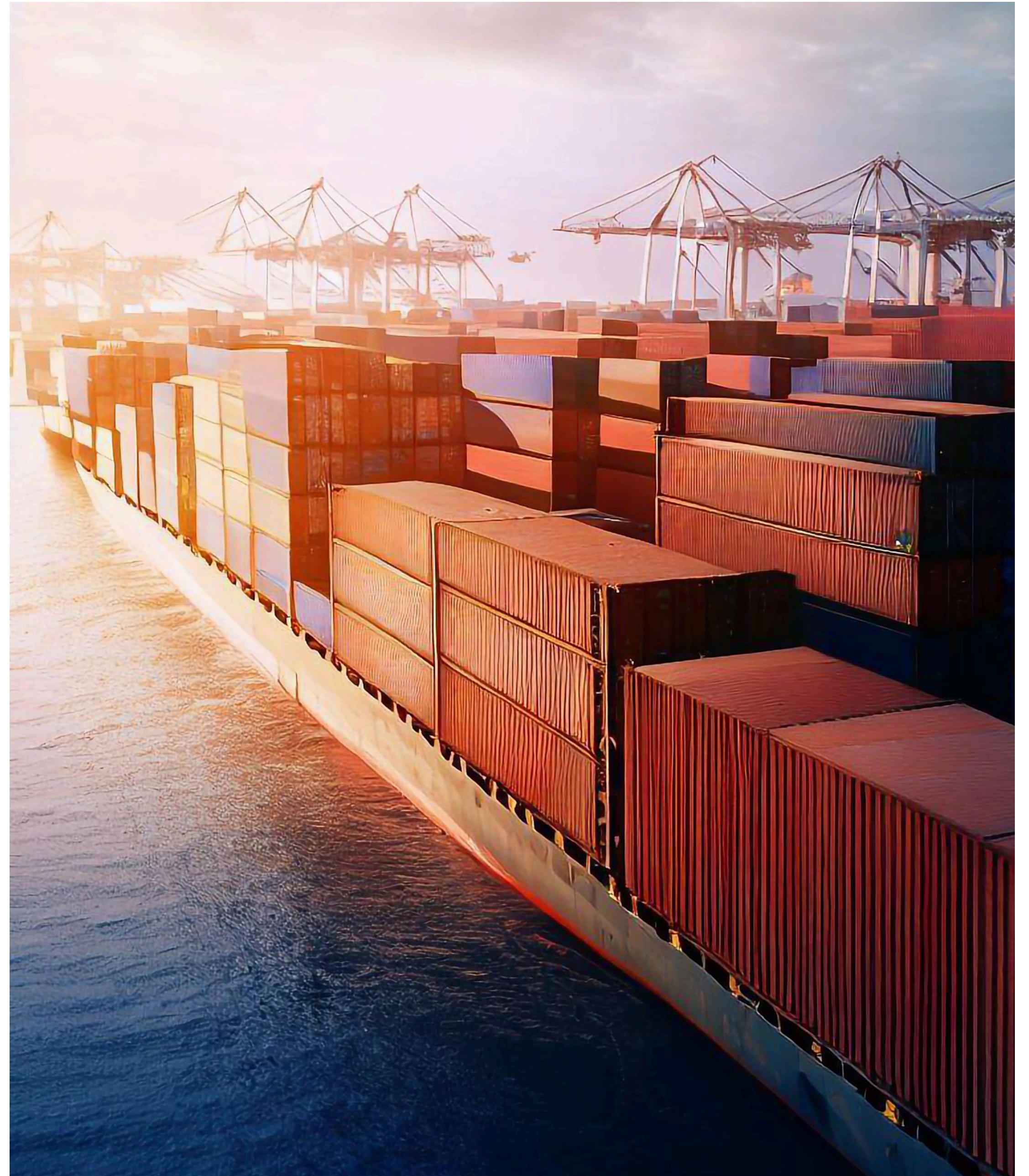


Customs

Customs Duty Reduced on Edible Oils to Ease Domestic Prices

The Ministry of Finance (Department of Revenue), vide Notification No. 31/2026-Customs dated 23.09.2026, has reduced the Basic Customs Duty (BCD) on specified crude and refined edible oils with effect from 24.09.2026. The BCD on crude soya-bean oil and crude palm oil has been reduced from 10% to 5%, while the BCD on crude sunflower oil has been reduced from 10% to Nil.

In respect of refined oils, the BCD on refined soya-bean oil and refined palm oil (including RBD palm oil and RBD palmolein) has been reduced from 32.5% to 27.5%, whereas the BCD on refined sunflower oil has been reduced from 32.5% to 22.5%. The Government has retained a duty differential between crude and refined oils to continue supporting domestic refining operations and discourage imports of refined edible oils. The duty reduction has been introduced with the objective of lowering the landed cost of edible oils, reducing retail prices, and easing inflationary pressure on consumers. Importers, refiners, and traders should revisit their costing and pricing models for consignments cleared on or after 24.09.2026 and ensure that the benefit of the reduced customs duty is appropriately factored into market prices.



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