THE GST INSIDER

JUNE 25 EDITION

(01st June to 15th June)

CA. SAMARPIT SHARMA

>>> PREFACE <<<

Welcome to our latest issue of **"The GST Insider"** meticulously compiled by **CA Samarpit Sharma**. As we navigate through the ever-evolving landscape of the Goods and Services Tax (GST), our aim is to bring you the most recent and pertinent updates, including circulars, notifications, press releases, relevant case laws, advance rulings, and other essential documents.

This Newsletter is designed to serve as a comprehensive resource for enhancing your understanding of GST regulations. Each edition is carefully structured to present complex legal content in an accessible and engaging format. Through the use of explanatory visuals and simplified explanations, we strive to make the material not only easier to comprehend but also more interesting to read.

It is important to note that the information provided herein is intended solely for knowledge sharing purposes and should not be utilized as a basis for any form of professional advice. For specific GST-related advice, we recommend consulting with qualified experts.

By integrating visual aids and reformulating the legal text into reader-friendly formats, we hope to enrich your learning experience and keep you updated on significant GST developments. Enjoy the read, and may it spark both your interest and understanding of GST.

Thank you for trusting "The GST Insider" as your go-to source for GST updates. We hope you find this edition both informative and easy to comprehend.

Thank You!

CA. SAMARPIT SHARMA

AUTHOR

> *Success doesn't come from what you do occasionally, it comes from what you do consistently*

NEWSLETTER

THE GST INSIDER

TOP UPDATES & CASE LAWS OF THE MONTH

GSTN ADVISORY ALERT (DATED 07.06.2025) AUTO-POPULATED LIABILITIES IN GSTR-3B TO BECOME NON-EDITABLE FROM JULY 2025

READ MORE

Effective from the July 2025 tax period (returns to be filed in August 2025), the tax liability auto-populated in GSTR-3B will become non-editable. Taxpayers will now be required to use Form GSTR-1A to amend any outward supplies declared incorrectly in GSTR-1 or IFF.

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REFUND OF UNUTILIZED ITC ON CLOSURE OF BUSINESS ALLOWED

SIKKIM HIGH COURT

READ MORE

The Sikkim High Court held that refund of unutilized Input Tax Credit (ITC) cannot be denied merely due to closure of business. It ruled that Section 49(6) read with Section 54 permits such refund in absence of any express prohibition in law.

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2025 JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	GSTR 7 (MAY 2025) GSTR 8 (MAY 2025)	GSTR 1 (MAY 2025)	12	GSTR 1/IFF (MAY 2025) GSTR 5 & 6 (MAY 2025)	14
15	16	17	18	19	GSTR 3B (MAY 2025)	21
22	23	24	PMT - 06 (MAY 2025)	26	27	GSTR 11 (MAY 2025)
29	30					

HIGHLIGHTS

Gst Updates HIGHLIGHTS

GST NEWS AND UPDATES

CA. SAMARPIT SHARMA

GSTN ADVISORY ALERT (DATED 07.06.2025) AUTO-POPULATED LIABILITIES IN GSTR-3B TO BECOME NON-EDITABLE FROM JULY 2025

The Goods and Services Tax Network (GSTN) issued an important advisory on June 7, 2025, introducing a significant procedural change in the filing of Form GSTR-3B. Currently, GSTR-3B is auto-populated with data from GSTR-1, GSTR-1A, and the Invoice Furnishing Facility (IFF), and taxpayers have the flexibility to manually edit these values before filing. However, effective from the **July 2025 tax period** (returns to be filed in August 2025), the tax liability auto-populated in **GSTR-3B will become non-editable.** This change is aimed at ensuring greater accuracy and consistency between GSTR-1 and GSTR-3B.

To facilitate corrections, taxpayers will now be required to **use Form GSTR-1A to amend any outward supplies declared incorrectly in GSTR-1 or IFF.** GSTR-1A acts as a correction mechanism that allows taxpayers to revise their reported data for the same tax period before filing GSTR-3B. **Once GSTR-1A is filed, the corrected liability will reflect in GSTR-3B, but manual changes within GSTR-3B itself will no longer be permitted.**

This move marks a shift toward system-enforced consistency and seeks to reduce mismatches and compliance errors. Taxpayers must, therefore, ensure that any required amendments are carried out through GSTR-1A in a timely manner, as post-filing corrections in GSTR-3B will not be allowed. The advisory also refers to earlier communications on the subject, specifically those issued on October 17, 2024, and January 27, 2025, which laid the groundwork for this system improvement.

In light of this change, taxpayers are advised to implement internal checks and train their filing teams to ensure that outward supply data is accurate at the GSTR-1 stage and that any discrepancies are addressed promptly through GSTR-1A before the GSTR-3B filing. This measure is expected to enhance compliance discipline, reduce litigation, and ensure a more seamless reconciliation process across GST returns.

Image Courtesy - saginfotech

BARRING OF GST RETURN ON EXPIRY OF THREE YEARS

The Goods and Services Tax Network (GSTN), in continuation of its earlier communication dated October 29, 2024, has issued an advisory reiterating the implications of the Finance Act, 2023 (No. 8 of 2023), dated March 31, 2023, which was brought into effect from October 1, 2023, through Notification No. 28/2023 – Central Tax dated July 31, 2023. As per this amendment, taxpayers shall not be allowed to file their pending GST returns after the expiry of **three years from the due date of furnishing such returns**. This restriction applies to returns required under **Section 37 (GSTR-1 – outward supplies), Section 39 (GSTR-3B – summary return with tax payment), Section 44 (GSTR-9 – annual return), and Section 52 (GSTR-8 – tax collected at source).**

Accordingly, the restriction impacts various return forms, including **GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, and GSTR-9,** which will be barred from filing on the GST portal after the lapse of three years from their respective due dates. **This provision will be technically implemented on the GST portal from the July 2025 tax period onwards.**

Taxpayers are therefore strongly advised to review their compliance status and immediately reconcile and file any pending returns that are nearing the three-year deadline. Failure to do so will result in a permanent loss of the opportunity to file such returns, potentially leading to adverse compliance consequences, including tax demands, penalties, and ineligibility to claim input tax credit linked with those periods.

SYSTEM VALIDATION FOR FILING OF REFUND APPLICATIONS ON GST PORTAL FOR QRMP TAXPAYERS

In May 2025, the GSTN introduced a system-level validation on the GST portal to enforce compliance with Para 6 of Circular No. 125/44/2019-GST dated November 18, 2019. According to the circular, a refund application for any tax period **can be filed only after all due returns in Form GSTR-1 and GSTR-3B have been furnished up to the date of the refund application.** For specific categories of taxpayers, such as composition taxpayers, non-resident taxable persons, and Input Service Distributors (ISD), the requirement is to file Form GSTR-4 along with CMP-08, Form GSTR-5, or Form GSTR-6, as applicable, instead of GSTR-1 and GSTR-3B.

To enforce this compliance, the GST system was accordingly configured to allow the filing of refund applications only after the taxpayer has filed all relevant returns due up to the date of filing. However, post-implementation, **taxpayers under the QRMP (Quarterly Return Monthly Payment)** scheme faced a specific issue. The system failed to recognize invoices uploaded through the Invoice Furnishing Facility (IFF) for the first two months (M1 and M2) of the quarter, despite GSTR-1 for the quarter being already filed. As a result, these taxpayers were unable to proceed with refund applications. The issue also led to system errors asking for filing of M1 and M2 returns even when not due, especially when refund applications were filed between two quarters.

GSTN has now resolved the technical glitch. **QRMP taxpayers can now proceed with refund applications for invoices related to periods where GSTR-3B has already been filed.** However, they are advised not to include invoices submitted through IFF for which GSTR-3B is yet to be filed, as the system will not consider such claims valid for refund purposes.

ADVISORY ON FILING OF AMNESTY APPLICATIONS UNDER SECTION 128A OF THE CGST ACT

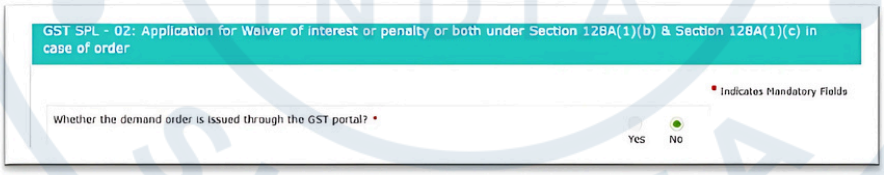
As of June 8, 2025, over 3,02,000 amnesty (waiver) applications have been filed on the GST portal using Forms SPL-01 and SPL-02 under the special scheme introduced through Section 128A of the CGST Act, which provides relief by waiving late fees and penalties. However, GSTN has acknowledged that several taxpayers are still facing technical issues that are preventing them from filing their amnesty applications. With the last date for submission approaching, various trade and professional bodies have submitted representations requesting an alternative solution to ensure affected taxpayers are not deprived of this benefit.

In response to these concerns, the GSTN has advised such taxpayers to follow a specific alternate filing mechanism outlined in a guidance document which is as follows:

Advisory on filing of Amnesty applications under Section 128A of the CGST Act

1. The taxpayers facing technical issues which is restricting them to file amnesty applications are advised to adopt the alternative route of manual entry of order details on the portal by following the steps outlined below:

   a. While initiating the filing of application, taxpayers are advised to enter ***'No'*** against ***'Whether the demand order is issued through the GST Portal'*** as shown below:



   b. In the field ***"Details of demand order"***, taxpayers shall enter the order number with the prefix of ***"ONL"***.

      Example: *If the online order number is ABCDE12345X1Z2, the taxpayer has to enter the order number as ONLABCDE12345X1Z2.*

      Note: If the exact order number *(as already recorded in the system under online mode)* is entered without any modification, the system will restrict filing under manual mode, as the order was originally issued online.

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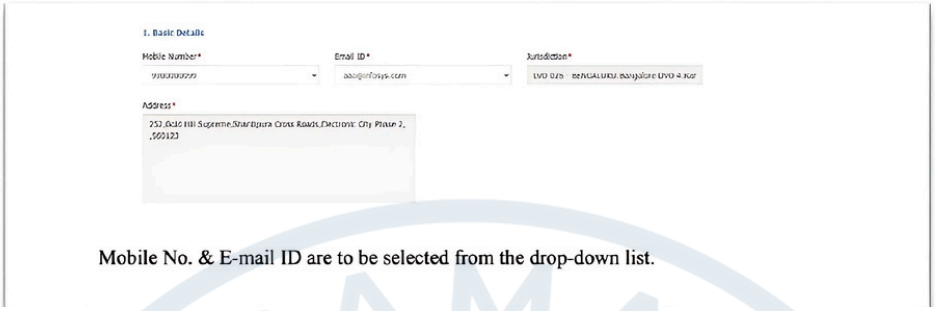
c. The editable details in the **Basic Details** table shall be entered manually:



d. Once this step is completed, the ***Order details, Payment details, and Demand related information*** can be entered manually by the taxpayer.

e. In cases where the taxpayer has made the duty payment through DRC-03, the relevant details may be furnished in Table 4. However, if the payment has been made using the ***'Payment towards demand'*** option, such details cannot be entered in this table. Taxpayers are accordingly advised to upload the payment details separately in such cases.

If taxpayers continue to face challenges even after following the suggested steps, they are advised to immediately raise a grievance through the official GST Self-Service Portal at:
🌐 https://selfservice.gstsystem.in

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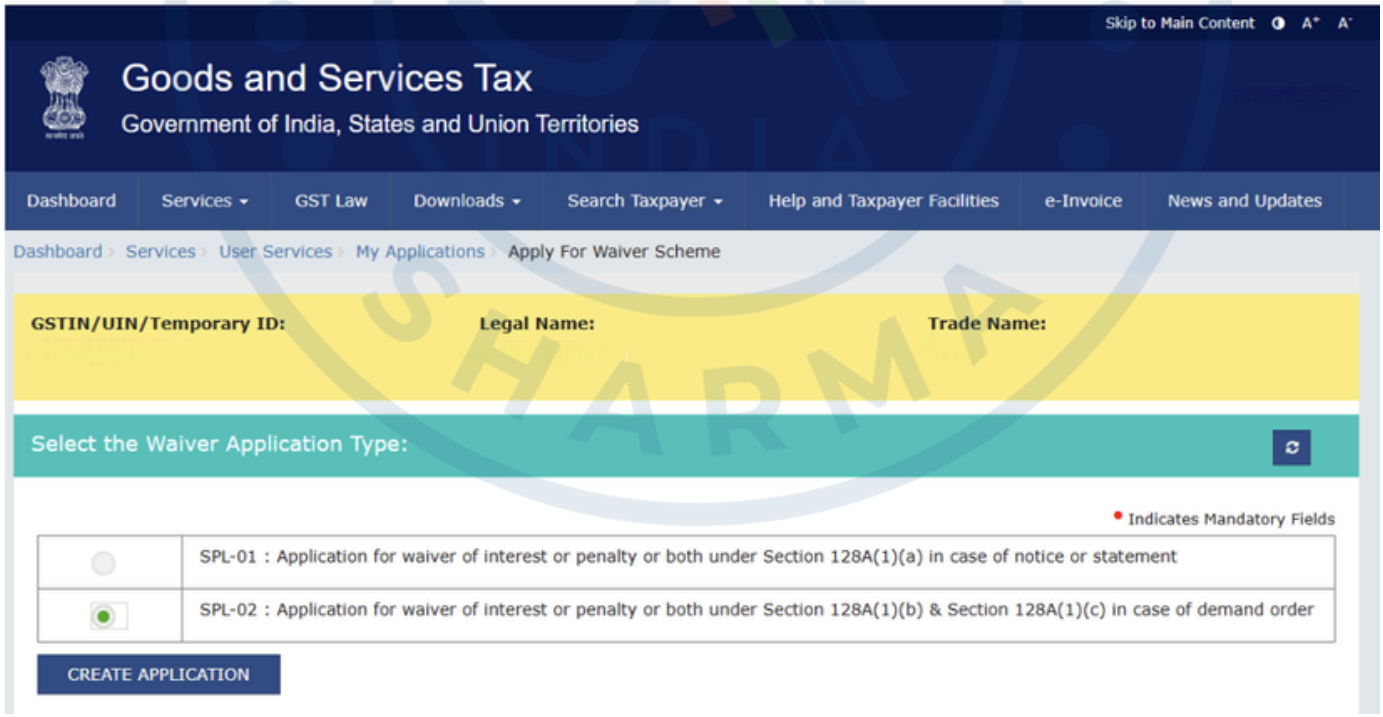
ADVISORY ON FILING OF AMNESTY APPLICATIONS UNDER SECTION 128A OF THE CGST ACT

The GSTN has issued a clarification regarding technical issues being faced by taxpayers while filing amnesty applications under Section 128A of the CGST Act, 2017, specifically in Form SPL-01 or SPL-02. It has been observed that in several cases, **there are challenges with the auto-population of payment details in Table 4 of the online forms.** This is particularly affecting taxpayers who have made payments through methods that are not directly linked to the SPL forms, such as:

- Payments made using the **"Payment towards Demand Order"** functionality,
- **Pre-deposit amounts** made in the course of appeal,
- Or payments made via **GSTR-3B.**

Due to these system limitations, the auto-filled payment and demand details in the application may not reflect correctly or may not match entirely. **However, the GST portal does not prevent taxpayers from submitting the SPL-01 or SPL-02 forms despite such mismatches.**

Taxpayers in such cases **are advised to go ahead and file their waiver applications.** However, it is crucial that they **upload supporting payment documents—such as challans, GSTR-3B copies, or other relevant records**—as attachments to their online application, to enable proper verification by the jurisdictional GST officer.



INTRODUCTION OF ENHANCED INTER-OPERABLE SERVICES BETWEEN E-WAY BILL PORTALS

The GSTN has announced the launch of a **new E-Way Bill 2.0 portal (https://ewaybill2.gst.gov.in)**, scheduled to go live on **July 1, 2025**. Developed by NIC, this enhanced portal introduces inter-operable functionalities between the existing E-Way Bill 1.0 portal (https://ewaybillgst.gov.in) and the new platform. The objective is to ensure uninterrupted access to essential E-Way Bill services, especially during technical downtimes or emergencies, thus enabling seamless business operations for taxpayers and transporters.

E-Way Bill 2.0 extends **several new services** that will function across both portals, regardless of where the E-Way Bill was originally generated. These services include: generation of E-Way Bills based on Part-A details furnished by suppliers, creation of consolidated E-Way Bills, extension of E-Way Bill validity, updating transporter details, and retrieval of consolidated E-Way Bills. These are in addition to the already available cross-functional services like E-Way Bill generation, vehicle detail updates, and printing of slips.

The two portals will operate on a **real-time synchronized architecture**, ensuring that any data entered in one portal is automatically mirrored in the other within seconds. This system allows users to perform all necessary operations—such as updating Part-B details—even if one portal is temporarily unavailable. Thus, the dual-portal infrastructure minimizes reliance on a single system and significantly improves business continuity.

Furthermore, all these functionalities are also accessible via **APIs**, enabling taxpayers and logistics companies to integrate E-Way Bill processes directly into their internal systems. These APIs are available in the sandbox environment for testing and development purposes.

A key advantage of this initiative is that **cross-portal operability is fully enabled.** Taxpayers can update, extend, or retrieve E-Way Bills across portals regardless of where the original entry was made. For example, if an E-Way Bill was generated on E-Way Bill 1.0, its Part-B details can still be updated through the E-Way Bill 2.0 portal, and vice versa. In such cases, either version of the E-Way Bill slip will be considered valid and may be carried during transit.

Taxpayers and transporters are encouraged to explore these new features and integrate API-based solutions to streamline their logistics operations. For any assistance or technical clarification, they may reach out to the GST Helpdesk or refer to detailed user manuals available on both portals.

Case LAWS

CA. SAMARPIT SHARMA

REFUND OF UNUTILIZED ITC ON CLOSURE OF BUSINESS ALLOWED

(SICPA INDIA PRIVATE LIMITED AND ANR VS UNION OF INDIA - SIKKIM HIGH COURT)

The Sikkim High Court in the case of SICPA India Private Limited and Another vs. Union of India and Others, decided on 10.06.2025, dealt with the issue of refund of unutilized Input Tax Credit (ITC) upon closure of business. The Petitioners, engaged in the manufacture of security inks in Sikkim, had discontinued operations in January 2019 and gradually sold all assets from April 2019 to March 2020. At the time of closure, they had an accumulated ITC of ₹4.37 crores lying in their Electronic Credit Ledger. They filed for refund of this unutilized credit under Section 49(6) read with Section 54 of the CGST Act, 2017. However, the refund was rejected by the Assistant Commissioner of CGST, Gangtok, on 08.02.2022, and this rejection was later upheld by the Appellate Authority on 22.03.2023, on the ground that closure of business was not one of the permitted conditions under Section 54(3) for allowing refund of unutilized ITC.

The Petitioners contended that Section 49(6) allows for refund of any balance in the Electronic Credit Ledger after payment of tax, interest, or penalty, in accordance with the procedure under Section 54. They argued that Section 54(3) is not exhaustive and cannot override the vested right to claim refund, especially in the absence of any express prohibition under the statute. The Petitioners emphasized that their claim was purely legal, with no disputed facts, and relied on various judicial precedents, particularly the Karnataka High Court judgment in Slovak India Trading Co. Pvt. Ltd., which allowed refund of unutilized MODVAT credit even upon closure of business. They further argued that denial of such refund would amount to unjust enrichment of the State and contravene the principle under Article 265 of the Constitution, which prohibits the collection or retention of tax without authority of law.

The Respondents, led by the Deputy Solicitor General, opposed the claim asserting that closure of business is not an eligible condition for refund under Section 54(3) and that Section 49(6) does not independently confer the right to refund but must be read subject to the limitations of Section 54.

They also argued that cancellation of registration only requires reversal of ITC under Section 29(5), and not refund, and

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that the Petitioners had not exhausted the statutory remedy of appeal under Section 112.

The Court first addressed the issue of maintainability and held that the existence of an alternative remedy does not bar the writ jurisdiction of the High Court when a pure question of law is involved, as held in Supreme Court rulings in Godrej Sara Lee Ltd. and Indian Hume Pipe Co. Ltd. The Court found that the provisions of Section 49(6) permit refund of the credit balance subject to Section 54, but do not restrict the refund only to the two circumstances under Section 54(3). It held that although Section 54(3) specifies two conditions for refund, it does not expressly prohibit refunds in other legitimate situations such as business closure. The Court relied on Slovak India Trading Co. Pvt. Ltd., where the Karnataka High Court upheld the refund of unutilized credit even in the absence of ongoing business activity, and found that the CGST Act similarly does not contain any bar to such refund.

It was observed that once tax liabilities have been discharged and no further output tax liability remains due to closure, the remaining credit is incapable of being used and must therefore be refunded, failing which the State would be retaining the amount without legal sanction. The Court rejected the contention that the law intends to forfeit such credit on closure, holding instead that it cannot be presumed that Parliament intended to extinguish this right without explicit statutory language. The Court quashed the appellate order dated 22.03.2023 and directed that the refund of ₹4.37 crores be allowed to the Petitioners as claimed. The writ petition was accordingly allowed and disposed of.

CUMULATIVE INCOME TAX PAID BY FIRM AND PARTNERS NOT ELIGIBLE FOR EXEMPTION UNDER RULE 86B.

(M/S AADINATH AGRO INDUSTRIES - AAR, RAJASTHAN)

>>> FACTS OF THE CASE

M/s Aadinath Agro Industries, a GST-registered partnership firm located in Nagaur, Rajasthan, is engaged in the manufacturing and trading of spices. The firm's monthly taxable turnover exceeds ₹50 lakhs, thereby attracting the applicability of Rule 86B of the CGST Rules, 2017, which restricts the use of Input Tax Credit (ITC) for discharging more than 99% of the monthly output tax liability in cash, unless certain exceptions apply.

The applicant sought an advance ruling on whether the total income tax paid by the firm and its partners collectively could be considered to qualify for exemption under Rule 86B, even though no single partner had individually paid more than ₹1 lakh in income tax in each of the preceding two financial years. The firm argued that, while no individual crossed the ₹1 lakh threshold, the combined tax paid by the firm and partners in both years was significantly more than ₹1 lakh. On this basis, they requested exemption from the rule, citing the financial and tax interdependence between the firm and its partners. Their submission emphasized the spirit of Rule 86B—to deter tax evaders, not genuine, tax-compliant businesses—and urged the Authority to allow cumulative consideration in line with that intent.

>>> FINDINGS OF THE CASE

The Authority for Advance Ruling (AAR) examined the application, written submissions, and oral representations made by the applicant's authorized representative. The AAR noted that Rule 86B restricts utilization of ITC to 99% of output tax liability for registered persons with monthly taxable turnover exceeding ₹50 lakhs. However, the proviso to the rule provides an exemption where the proprietor, Karta, Managing Director, or any two partners have paid more than ₹1 lakh in income tax individually in each of the two preceding financial years.

Upon reviewing the facts, the AAR observed that none of the individual partners, nor the firm itself, had paid more than ₹1 lakh in income tax separately during the relevant years. While the combined tax paid across all partners exceeded ₹1 lakh, the rule does not support the aggregation of tax paid by multiple persons to meet the exemption threshold. The wording of the rule was considered clear and unambiguous, requiring the ₹1 lakh threshold to be satisfied individually by at least two partners, and not as a cumulative figure.

The Authority acknowledged the applicant's argument regarding the economic unity of firms and partners and their shared tax responsibilities. However, the AAR held that in the absence of specific language in Rule 86B allowing for such cumulative consideration, it could not read into the law what the legislature did not expressly provide. Moreover, as per established legal principles, tax exemptions must be interpreted strictly, and any ambiguity

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must favor the strict application of the rule rather than liberal expansion.

>>> RULING

Based on the above facts and statutory provisions, the AAR answered both questions raised by the applicant in the negative. It held that the total income tax paid collectively by the firm and its partners cannot be considered for the purpose of claiming exemption under Rule 86B of the CGST Rules. Since no individual partner had paid income tax exceeding ₹1 lakh in each of the two preceding financial years, the firm does not meet the exemption criteria laid out in the proviso to Rule 86B.

Accordingly, M/s Aadinath Agro Industries remains subject to the restriction under Rule 86B, and must discharge at least 1% of its output tax liability in cash each month. The use of ITC will be limited to 99% of the total tax liability, as required by the rule.

RULE 96(10) OF GST INVALIDATED: EXPORTERS CAN NOW CLAIM UNRESTRICTED IGST REFUNDS.

(MESSRS ADDWRAP PACKAGING PVT. LTD. V/S UNION OF INDIA - GUJARAT HIGH COURT)

A group of writ petitions, led by Messrs Addwrap Packaging Pvt. Ltd., was filed before the Gujarat High Court challenging the constitutional validity of Rule 96(10) of the Central Goods and Services Tax Rules, 2017 ("CGST Rules") as substituted by Notification No. 54/2018-Central Tax dated 09.10.2018. The main issue revolved around the denial of IGST refunds on export of goods and services where the exporters or their suppliers had availed benefits under certain customs/GST notifications such as Advance Authorization (AA), Export Promotion Capital Goods (EPCG) scheme, or Deemed Export schemes. The petitioners had filed claims for refund of IGST paid on zero-rated export supplies in terms of Section 16(3)(b) of the IGST Act, 2017 read with Section 54 of the CGST Act, 2017.

The lead petitioner, engaged in manufacturing and exporting conductors and Optical Fiber Ground Wires, had obtained AA licenses and imported certain raw materials duty-free, while other goods and services were procured domestically on which credit was availed. Upon export, IGST was paid using input tax credit (ITC) and refund of such IGST was claimed. However, the department denied these refunds invoking Rule 96(10), asserting that exemption under Notifications like 78/2017-Customs or 40/2017-Central Tax (Rate) had been availed, making such exports ineligible for IGST refund.

The petitioners contended that Rule 96(10), in effect, overrides the statutory right granted under Section 16(3)(b) of the IGST Act and Section 54(1) of the CGST Act, which clearly allow a registered person to export goods/services on payment of IGST and claim refund thereof. It was argued that the rule restricts the very option granted by Parliament and is therefore ultra vires.

Further, the rule was also challenged as being arbitrary and violative of Article 14 (equality before law) and Article 19(1)(g) (freedom to practice trade) of the Constitution of India. Petitioners emphasized that even where only partial input was sourced using the AA/EPCG route, complete denial of refund on total exports was disproportionate and

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irrational.

It was also argued that there is no correlation mechanism in GST to trace whether ITC used for export was sourced from exempted imports or domestic supplies. The CGST Rules do not bifurcate credits for input goods, input services, or capital goods in the electronic credit ledger. Hence, denial of refund on the ground that some goods were imported without paying duty under exemption schemes lacks a rational basis. The petitioners also drew parallels with the earlier excise regime where rebate was allowed even when certain inputs were procured without duty under AA.

Senior advocates representing the petitioners highlighted that Rule 96(10), post amendment, created two classes of exporters: (1) those using exemption schemes, and (2) those not using them — the latter being favored without justification. The rule, they claimed, violated the principle of equality by treating unequal as equals and restricting export incentives despite the government's declared policy to promote exports. It was also pointed out that retrospective changes made by Notification No. 16/2020 provided relief only where BCD exemption was claimed but IGST was paid — further creating confusion and inconsistency.

A series of case laws from the Gujarat High Court and Supreme Court were cited, including Cosmo Films Ltd., Filatex India Ltd., Zenith Spinners, SAL Steel Ltd., Mohit Minerals Pvt. Ltd., and constitutional law cases like Budhan Choudhary, State of Kerala v. T.M. Peter, and Shree Digvijay Cement Co. Ltd. The collective argument was that delegated legislation cannot override statutory rights, and restrictions like Rule 96(10) must be proportionate, rational, and within the boundaries set by the parent Acts.

In essence, the petitioners prayed that Rule 96(10) be declared ultra vires the IGST Act, CGST Act, and the Constitution of India. They further sought quashing of refund rejection orders and show cause notices based on the impugned rule and requested protection of their vested rights to claim IGST refunds on exports where such tax was actually paid, irrespective of the source of inputs.

MANGO PULP TO ATTRACT 12% GST. CIRCULAR NO. 179/11/2022 GST VALIDATED BY HIGH COURT CITING VIMAL AGRO

(HARSHAD MANGO PRODUCTS PVT. LTD. VERSUS UNION OF INDIA - GUJARAT HIGH COURT)

The petitioners, engaged in the business of procuring, processing, and selling mangoes in the form of mango pulp for both domestic and export markets, challenged the applicability of GST rate on mango pulp under the CGST Act. They had classified mango pulp under Entry 30A of Notification No. 1/2017-Central Tax (Rate), which applies a concessional rate of 5% GST (2.5% CGST + 2.5% SGST) to "mangoes, sliced and dried". The petitioners argued that mango pulp, being derived from sliced mangoes, should fall under this concessional rate. This classification was followed until 18th July 2022.

However, the department issued show cause notices seeking to classify mango pulp at a higher GST rate, relying on Circular No. 179/11/2022-GST dated 3rd August 2022, which stated that mango pulp, though falling under the same HSN 0804, is distinct from fresh or sliced and dried mangoes, and thus taxable at 12% (6% CGST + 6% SGST). The petitioners challenged this circular as being ultra vires, arbitrary, and contrary to the classification regime established under the CGST Act and HSN-based notification structure. They contended that the circular artificially introduced a third category of mangoes —i.e., mango pulp—without legal authority, and applied this classification retrospectively.

The Court examined the legislative background, HSN classification norms, GST Council decisions, and relevant notifications. It referred extensively to its earlier decision in Vimal Agro Product Pvt. Ltd. v. Union of India, where it had already held that mango pulp falls under the residual category of "mangoes other than mangoes sliced and dried" and is therefore taxable at 12% from 1st July 2017, in light of the clarificatory amendment made by Notification No. 6/2022 and the GST Council's recommendation during its 47th meeting. The Court further held that the impugned circular only clarifies the pre-existing legal position and does not constitute a retrospective amendment of the tax rate. Thus, the classification of mango pulp at 5% as claimed by the petitioner was incorrect. At the same time, the Court rejected the department's contention that mango pulp should be taxed at 18% under a residuary entry.

Accordingly, the petitions were partly allowed. The show cause notices were quashed, and it was held that GST at the rate of **12% would apply on mango pulp for the period from 01.07.2017 to 18.07.2022.**

VETERINARY HEALTHCARE SERVICES EXEMPT, MARKETING & LAB SERVICES TAXABLE.

(M/S VENKATESHWARA HATCHERIES PRIVATE LIMITED - AAR, MAHARASHTRA)

>>> FACTS OF THE CASE

Venkateshwara Hatcheries Pvt. Ltd. (VHPL), a prominent entity within the VH Group, has been a pioneer in the Indian poultry industry for over four decades and operates through a nationwide network with 19 active GST registrations. VHPL entered into agreements with its group companies, Venkateshwara Research and Breeding Farm Ltd. (VRBFL) and Venco Research and Breeding Farm Ltd. (VENCO), to provide three distinct services. First, under the selling arrangement, VHPL promotes, markets, and sells birds on behalf of VRBFL and VENCO, for which it charges a 10% commission. Second, VHPL offers veterinary services to the customers of VRBFL and VENCO, which include disease diagnosis, vaccination, preventive care, and nutritional guidance, for which it charges 3% of the sale value. Third, VHPL also provides laboratory testing and analysis services related to the birds, feed, and water, using advanced diagnostic techniques and scientific methods, charging 7% of the sale value. Initially, VHPL classified these services under SAC codes 996111 (wholesale trade services), 99835 (veterinary services), and 998346 (technical testing and analysis services), paying 18% GST on each. However, VHPL filed an application seeking classification of the selling and lab services under SAC 9986 and requested exemption from GST under Entry Nos. 54 and 46 of Notification No. 12/2017-Central Tax (Rate), on the grounds that these services constitute support to agriculture and veterinary healthcare.

>>> FINDINGS OF THE CASE

Upon examination of the submissions and supporting documents, the Authority observed that VHPL's selling arrangement services were not related to agricultural produce in the manner defined under GST law. The chicks being sold were not the end products for food or fiber consumption but rather intermediary livestock intended for further breeding. Therefore, the services could not be classified as agricultural support under SAC 9986, and the exemption under Entry 54 was not applicable. Instead, these activities were deemed to fall under general wholesale trade services, appropriately classifiable under SAC 996111, attracting GST at 18%. In contrast, VHPL's veterinary services, rendered by qualified veterinarians employed across locations, involved direct health care of birds through clinical diagnosis, prescription, disease management, and preventive care. These were found to fall squarely within the scope of veterinary clinic services as defined in Entry No. 46 of the exemption notification, and thus were eligible for GST exemption. However, the laboratory testing and analysis services—though related to poultry—were of a scientific and technical nature and not directly linked to farmer education or agricultural extension. These services, such as serological testing, feed analysis, and microbial assessment, were found to

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VETERINARY HEALTHCARE SERVICES EXEMPT, MARKETING & LAB SERVICES TAXABLE.

(M/S VENKATESHWARA HATCHERIES PRIVATE LIMITED - AAR, MAHARASHTRA)

align more with SAC 998346 (technical testing) and did not meet the criteria for exemption under Entry No. 54, which is applicable only to services covered under SAC 9986. As a result, these services remained taxable.

>>> RULING

Based on the detailed analysis and hearings, the Authority issued its ruling under Section 98 of the CGST and MGST Acts. It held that the commission charged by VHPL under the selling arrangement does not fall under SAC 9986 and is therefore not eligible for GST exemption under Entry No. 54 of Notification No. 12/2017-Central Tax (Rate). Similarly, the laboratory testing and analysis services provided by VHPL could not be classified as agricultural extension services under SAC 9986 and are thus not exempt under the same notification.

However, **the veterinary services rendered by VHPL were recognized as genuine health care services for birds and livestock, falling under SAC 998352, and were accordingly exempted under Entry No. 46 of Notification No. 12/2017. In conclusion, only the veterinary services were held exempt from GST, while the commission income from the selling arrangement and the laboratory testing services continued to attract GST at applicable rates.**

IMPORT TAX CREDIT MUST BE CLAIMED ON TIME – SECTION 16(4) APPLIES.

(M/S. ADI ENTERPRISES - AAR, MAHARASHTRA)

>>> FACTS OF THE CASE

M/s Adi Enterprises, a registered taxpayer based in Maharashtra and engaged in the manufacturing and export of ear buds (HSN 96190090), imported machinery from China through a transaction dated 18.08.2022. The Bill of Entry (BE No. 2134376) was filed on 24.08.2022 with IGST of ₹9,00,939 paid on the import. This tax payment appeared in the GSTR-2A of August 2022 and GSTR-2B of March 2023. However, the applicant inadvertently failed to claim this IGST credit in their GSTR-3B return for FY 2022–23 and did not rectify this omission by the statutory deadline of 30th November 2023.

The applicant later received an email from the GST department on 21.03.2024 indicating a mismatch between eligible IGST credit available in GSTR-2B and what was claimed in GSTR-3B. This prompted the applicant to recall the missed claim and approach the Authority for Advance Ruling (AAR) seeking clarity on two issues: (i) whether the time limit prescribed in Section 16(4) of the CGST Act, 2017 applies to ITC claimed through a Bill of Entry, and (ii) whether the missed IGST credit can be availed in a future GSTR-3B return. Relevant documents, including the commercial invoice, Bill of Entry, E-Way Bill, and communication from the GST department, were submitted to support the application.

>>> FINDINGS OF THE CASE

The applicant argued that Section 16(4) of the CGST Act, 2017 prescribes a time limit for availing ITC only in respect of "invoices or debit notes" and not for other tax-paying documents like the Bill of Entry, which is prescribed under Rule 36(1)(d) of the CGST Rules. They emphasized that Section 16(2)(a) specifically includes such documents and that omitting the term “other tax paying documents” in Section 16(4) might have been an unintended legislative oversight. Further, they submitted that the IGST paid on import is a separate levy under Section 3(7) of the Customs Tariff Act, and the restriction under Section 16(4) should not apply to such transactions. Citing the rule of "mutatis mutandis" from Section 20 of the IGST Act, they suggested that provisions applicable to domestic ITC could not be extended automatically to imports unless expressly stated.

On the other hand, the jurisdictional officer and the Authority noted that Section 20 of the IGST Act makes the provisions of the CGST Act, including Section 16(4), applicable to IGST matters with appropriate modifications. They clarified that a Bill of Entry contains all the essential details of a tax invoice—such as GSTIN, description of goods, quantity, tax amount, and taxable value—and functions equivalently for the purposes of availing ITC on imports. Rule 36(1)(d) recognizes a Bill of Entry as a valid document for ITC, but this does not exempt it from compliance with the time

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IMPORT TAX CREDIT MUST BE CLAIMED ON TIME - SECTION 16(4) APPLIES.

(M/S. ADI ENTERPRISES - AAR, MAHARASHTRA)

limits under Section 16(4). Therefore, the Authority held that the timeline restriction applies uniformly to all forms of ITC claims, including those based on Bills of Entry.

Further analysis emphasized the policy rationale behind time-bound ITC availment—to maintain fiscal discipline, ensure proper reconciliation during assessments, and uphold the self-assessment system of GST. The absence of a time limit would jeopardize refund mechanisms, audit trails, and administrative processes. The Authority interpreted the phrase "any invoice or debit note" in Section 16(4) to include equivalent documents such as the Bill of Entry, especially since it serves the same evidentiary function under GST law.

>>> RULING

After considering the legal provisions, submissions by both parties, and the documentary evidence, the Authority issued a ruling under Section 98 of the CGST Act, 2017 and MGST Act, 2017, vide Order No. GST-ARA-03/2024-25/B-212 dated 29.04.2025. It held that:

The time limit prescribed under Section 16(4) of the CGST Act, 2017 is applicable to ITC claims based on a Bill of Entry, as it is a recognized tax-paying document under Rule 36(1)(d) and deemed equivalent to a tax invoice.

Since the applicant failed to claim the IGST credit on the import of machinery before the statutory deadline of 30th November 2023, the ITC cannot be availed now through any subsequent GSTR-3B return.

Accordingly, the Authority answered Question 1 in the affirmative and Question 2 in the negative, thus disallowing the late claim of IGST credit on imported goods.

BABY CAR SEATS RECOGNIZED AS 'OTHER SEATS' UNDER HSN 94018000 – NOT VEHICLE PARTS OR CARRIAGES.

(M/S. ARTSANA INDIA PRIVATE LIMITED - AAR, MAHARASHTRA)

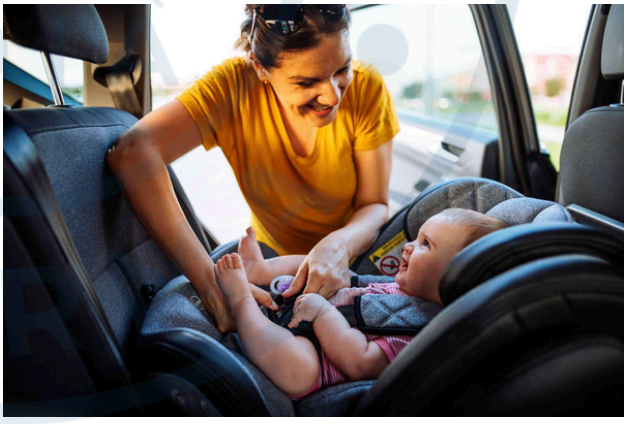
>>> FACTS OF THE CASE

M/s Artsana India Private Limited, a registered entity engaged in importing and trading baby and childcare products, filed an application under Section 97 of the CGST Act and MGST Act seeking an advance ruling on the GST classification of baby car seats. The applicant imports these products from Italy under HSN 94018000 and supplies them to Indian customers under the same classification, duly paying GST at 18%. The baby car seat is a detachable product designed to be fastened to existing car seats for the safety of children and does not require any structural modification to the vehicle. It is not permanently affixed and is used exclusively for infant safety and comfort during travel. The company became uncertain about the correct classification after learning that such products might be considered vehicle safety equipment, potentially falling under HSN 87089900 (vehicle accessories) or HSN 87150010 (baby carriages). The applicant also sought clarification on whether the recent Entry 210A of Notification No. 5/2024-Central Tax (Rate), dated 08.10.2024—applicable to "Seats of a kind used in motor vehicles" under HSN 94012000—would apply to their product.

>>> FINDINGS OF THE CASE

The applicant contended that the baby car seat qualifies as "Other Seats" under HSN 94018000, citing the Harmonized System of Nomenclature (HSN), Chapter 94, and General Rules for Classification. It argued that the seat, although designed for use in vehicles, is not an integral part of the vehicle but rather an additional furnishing affixed temporarily for child safety. The applicant supported their claim by referring to Chapter Note 2 of Chapter 94 and General Rule 3(c), which allows classification under the heading that appears last in numerical order when two headings are equally applicable.

Alternatively, the applicant presented arguments that the seat could also be classified either under HSN 87150010 as a baby carriage or under 87089900 as vehicle safety equipment. However, the Jurisdictional Officer disagreed, asserting that since the baby seat has no use outside motor vehicles, it fits the definition of a seat used in motor vehicles and must be classified accordingly.



The Authority carefully examined the product description, brochures, and classification notes under the Customs Tariff Act and the HSN Explanatory Notes. It observed that the baby car seat

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is not an original seat of a motor vehicle (as covered under HSN 94012000), but a removable seat used on top of existing car seats, designed for child safety. It also noted that such seats are classified in global HSN literature under 94018000 and not as parts or accessories under Chapter 87. The Authority rejected the alternative classifications (87150010 and 87089900), stating that baby carriages involve wheeled, pushable structures, and accessories under Chapter 87 must not be more specifically covered elsewhere, which in this case is Chapter 94.

Regarding the applicability of Entry 210A of Notification No. 5/2024-Central Tax (Rate), the Authority clarified that it only applies to seats under HSN 94012000 ("Seats of a kind used for motor vehicles"). Since baby car seats are not primary motor vehicle seats but additional safety seats, they are correctly covered under HSN 94018000 and hence the entry does not apply.

>>> RULING

In its ruling dated 28.04.2025, vide Order No. GST-ARA-47/2024-25/B-203, the Authority for Advance Ruling (AAR), Maharashtra concluded the following:

- The baby car seat is correctly classified under HSN 94018000.
- Since the first question was answered affirmatively, the alternate classifications under HSN 87150010 (baby carriage) and HSN 87089900 (vehicle accessory) are not applicable.
- Entry 210A of Notification No. 5/2024-Central Tax (Rate), dated 08.10.2024, which applies to HSN 94012000, is not applicable to the applicant's product.

Thus, the AAR upheld the applicant's existing classification practice and ruled that the product will attract 18% GST under HSN 94018000.

AAR HOLDS 12% GST WITH ITC APPLICABLE ONLY TO ELIGIBLE ONGOING PARTS OF THE PROJECT, NOT THE ENTIRE REAL ESTATE DEVELOPMENT.

(M/S. RAYMOND LIMITED - REALTY DIVISION. - AAR, MAHARASHTRA)

>>> FACTS OF THE CASE

M/s. Raymond Limited – Realty Division, a separately registered business vertical under GST, is engaged in developing a residential real estate project titled "Ten X Habitat". Spread over 14 acres, the project comprises ten towers (A to H, J and K), each consisting of 42 floors, including residential apartments and limited commercial units (not exceeding 15% of total carpet area). The project was conceptualized and approved as a single layout, with Commencement Certificate issued on 22.05.2018 and Environmental Clearance granted on 07.08.2018. As of 31.03.2019, RERA registration had been obtained only for Towers A, B, and C. Booking of flats had also commenced for these three towers, and GST was discharged at 12% (8% net effective rate) along with availing of Input Tax Credit (ITC). Post 01.04.2019, with the introduction of a new tax regime for real estate, developers were required to shift to a 1%/5% rate without ITC, unless they exercised a one-time option to continue with the old rates for ongoing projects. Raymond Realty contended that the entire Ten X Habitat project should be treated as one single "ongoing project" under Notification No. 11/2017-Central Tax (Rate), allowing the continued benefit of 12% GST with ITC.

>>> FINDINGS OF THE CASE

The crux of the dispute was whether all ten towers could be considered a single ongoing project under GST law and thereby qualify for the concessional 12% rate under Entry 3(ie) of Notification No. 11/2017-Central Tax (Rate). The applicant submitted that the entire project met the criteria—single layout approval, environmental clearance, common amenities, and partial booking before 31.03.2019. It relied on the RERA definition of a Real Estate Project (REP), judicial precedents (e.g., Lavasa Township case), and challenged the validity of FAQs issued by CBIC treating each RERA-registered tower as a distinct project. However, the Advance Ruling Authority analyzed RERA provisions, GST Notifications, and clarifications, concluding that separate RERA registrations per tower implied distinct projects under GST.

It was also found that only Towers A, B, and C fulfilled the required criteria: booking before 31.03.2019, commencement certificate beyond the 1st floor, and completion of earthwork and excavation before the cut-off date. Towers D to K failed on one or more counts, such as absence of bookings, lack

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of commencement beyond the 1st floor, or post-31.03.2019 registration. Hence, these did not qualify as “ongoing projects” under the notification.

>>> RULING

The Authority for Advance Ruling held that only Towers A, B, and C of the "Ten X Habitat" project satisfied the definition of an “ongoing project” under Notification No. 11/2017-Central Tax (Rate), as amended by Notification No. 3/2019. Accordingly, the benefit of paying 12% GST with ITC under Entry 3(ie) is available only for the sale of residential apartments in these three towers, subject to other conditions being met. For the remaining towers D to K, the applicant cannot avail the 12% rate with ITC since these do not qualify as ongoing projects under the said Notification. The ruling underscores that each tower registered separately under RERA shall be treated as a distinct project, and only those satisfying all prescribed conditions as of 31.03.2019 will be eligible for the concessional rate.

GST APPLICABILITY ON FREE FLATS, MONETARY BENEFITS & VALUATION IN REDEVELOPMENT PROJECTS.

(M/S. RAYMOND LIMITED - REALTY DIVISION. - AAR, MAHARASHTRA)

>>> FACTS OF THE CASE

M/s. Sharda Vastu Nirmitee Pvt. Ltd., engaged in real estate redevelopment, entered into a Development Agreement (DA) on 02.09.2016 with Shree Dutta Vihar Co-op. Housing Society Ltd., Thane, for redevelopment of a residential building with 22 members. The agreement provided for reconstruction of flats with 14% additional carpet area, payment of monthly rent, brokerage, shifting charges, and hardship compensation (corpus) to members. The developer also offered members an option to purchase additional area at a fixed rate. Due to regulatory changes, the project was delayed, and two Supplementary Agreements were signed—first on 01.12.2021 (post-UDCPR changes), increasing the number of saleable flats and introducing corpus payments to society, and second on 20.04.2024, providing additional 40 sq. ft. area (balcony) to each member flat. The actual construction started in March 2022 and was completed in July 2024. Upon obtaining the Occupancy Certificate on 12.08.2024, the developer handed over possession, made corpus payments to members and society, and settled other financial obligations as per the agreements. The applicant sought advance rulings on whether GST is applicable on (a) area and amenities given free of cost to members, (b) monetary payments made to them, and (c) valuation of free supplies under the GST Act.

>>> FINDINGS OF THE CASE

The Authority examined the tripartite agreement structure and concluded that although the initial DA was signed in 2016 (pre-GST), substantial changes were made through supplementary agreements in 2021 and 2024. These altered the flat allocation, area benefits, and financial structure of the project, rendering the original agreement as not an executed agreement. Therefore, the transfer of development rights was considered to have occurred post-01.04.2019, under the GST regime. As per Section 7(1) of the CGST Act, 2017, and Schedule II, the construction service rendered by the developer in exchange for development rights constitutes a taxable supply. The provision of free flats, amenities, and even parking is not without consideration—it is a barter for development rights. Hence, such supplies fall under the definition of "exchange" and are taxable. Furthermore, monetary benefits like rent, brokerage, corpus, and shifting charges paid to members form part of the total consideration for the development rights. However, these are not supplies by the developer but payments made, and thus not independently taxable. The GST liability arises under reverse charge, on the part of the developer, at the time of occupancy or completion certificate, and

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is limited to the proportion of unsold flats.

>>> RULING

The Authority ruled that:

- GST is payable on the construction services provided to the society members, including free-of-cost area (whether in lieu of old area, additional area, or balcony), amenities, parking, and other benefits such as stamp duty and registration borne by the developer.
- Monetary payments made by the developer to members and society (rent, brokerage, corpus, etc.) do not constitute independent supplies, but are part of the total consideration for acquiring development rights. These are not separately taxable.

- The taxable value for the supply of free flats and associated benefits shall be equal to the open market value—i.e., the price charged for similar apartments sold to independent buyers, as per Rule 27 of the CGST Rules, 2017 and Notification No. 11/2017-CT(R), read with Notification No. 03/2019 and 06/2019-CT(R). GST shall be paid on these services at the time of completion certificate or first occupation, whichever is earlier.

MORE INFORMATION ABOUT US

The GST Insider: Stay Informed, Stay Compliant

As we conclude this edition of **The GST Insider**, we hope the insights and updates have provided valuable knowledge to our readers. Our commitment remains steadfast in delivering timely, accurate, and relevant information to help you navigate the complexities of the GST landscape. We have explored significant developments and shared expert opinions to help you stay compliant and maximize benefits.

We are grateful for your continued support and engagement. Your feedback and suggestions are invaluable as we strive to make "The GST Insider" a trusted resource for all your GST-related needs.

Until the next issue, stay informed, stay compliant, and keep thriving in your business endeavors.

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